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INTERNATIONAL Herald Tribune

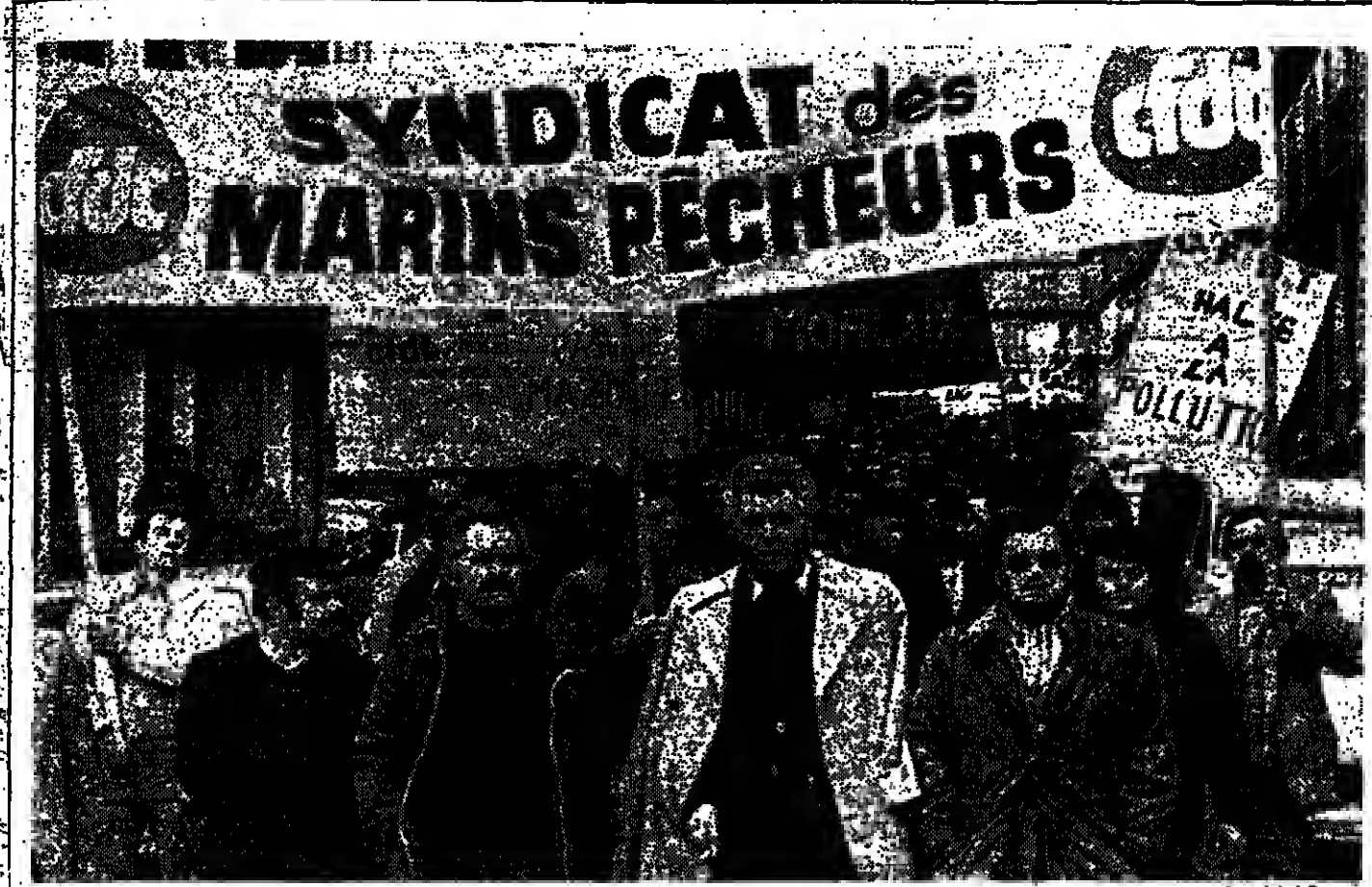
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PARIS, THURSDAY, MARCH 23, 1978

Established 1887

THE WEATHER—PARIS: Thursday, variable, with rain. Temp. 54-61. Friday, variable, with rain. Temp. 54-61. Saturday, variable, with rain. Temp. 54-61. Sunday, variable, with rain. Temp. 54-61. NEW YORK: Thursday, clear. Temp. 43-50. Friday, clear. Temp. 43-50. Saturday, clear. Temp. 43-50. Sunday, clear. Temp. 43-50.

No. 29,584



Fishermen marching in Brest, France, to protest pollution of the Atlantic coastline by the Amoco Cadiz.

ERST, France, March 23 (AP).—The remaining 50,000 to 70,000 tons of oil in the wrecked supertanker Amoco Cadiz will spill into the sea by the weekend if the bad weather continues, a French Navy spokesman said here today.

Attempts continued to set up an operation to pump out the oil and avoid worsening what is already the world's largest pollution incident.

In Paris, President Valéry Giscard d'Estaing's office said that, although pumping was still planned, the tanker would "break up if the bad weather continues."

The French Cabinet established a credit of 5 million francs (about \$1.07 million) as a preliminary indemnity to aid thousands of fishermen and others in the area of coastline pollution, now extending about 70 miles on the north Brittany

Ship's Remaining Oil Seen Threatening Brittany Coast

Additional funds for compensation for pollution damage will be decided after further evaluations of losses.

About 1,000 Brittany fishermen marched down the main street of Brest this afternoon, shouting "Work, not oil."

They marched peacefully to the Marine Administration headquarters to demand immediate compensation payments and other relief.

John Hawkes, a spokesman for the tanker owners' insurance company, said today that a total of \$80 million in insurance was available to pay damages claimed and the cost

said that even if the weather eased, it would take at least 5 days to start pumping.

Salvage specialists here admitted privately that they seemed little or no hope of keeping the rest of the ship's 220,000-ton cargo from spilling into the sea. At least 150,000 tons have escaped since the ship broke up on the rocks last Thursday.

The pollution has reached a major bird sanctuary at Sept Isles, where havoc was wreaked 11 years ago by oil from the Torrey Canyon accident on Britain's Scilly Isles in the Channel. An estimated 25,000 birds are menaced by the oil, sick washing those islands.

It is already clear, according to environmentalists on the scene, that shellfish and seaweed resources will be badly damaged.

May Preempt Black Control Rhodesian War Left to Soldiers

SALISBURY, March 22 (UPI).—Before forming a predominantly black pre-majority rule government, Prime Minister Ian Smith took steps to remove direct control of the war from the government's hands and gave the task to the military, sources here said today.

They said that the so-called War Council, which was headed by Mr. Smith, has been replaced by a joint operations center led by Lt. Gen. Peter Walls, Commander of Combined Operations.

The sources said that the new body had its first meeting Monday, one day before Mr. Smith and three moderate black leaders established an executive council.

The Executive Council—which is composed of the Prime Minister, Bishop Abel Muzorewa, the Rev. Jeremiah Chimpeni and tribal chief Jeremiah Chirau—is the upper tier of a transitional government.

The lower tier, a ministerial council with a black and a white member in each ministerial portfolio, has yet to be set up.

The War Council had included Mr. Smith, the Minister of Combined Operations and Defense, the Internal Affairs Minister, the commanders of the army and air force and the police commissioner. Being chairman of the War

Council, the sources said, gave the Prime Minister tight rein over military decisions and enabled him to link these with the political situation.

The new Joint Operations Center consists of the commander of combined operations, the commanders of the army and air force, the police commissioner, the Director of Psychological Warfare and the Secretary for Internal Affairs.

The Secretary for Internal Affairs is the only civilian on the panel. The sources said that he was included because the Internal Affairs Ministry controls the district assistant, paramilitary en-

Trade Gaps Wider, U.S. Agency Reports

WASHINGTON, March 22 (UPI).—A fourth-quarter current-account deficit of \$7.03 billion pushed the total U.S. gap for 1977 to \$20.21 billion, more than double the previous year's record, the Commerce Department said today.

The U.S. trade deficit also showed a marked deterioration. U.S. assets abroad increased at a slower pace than in the previous year but foreign assets in the United States were up \$49 billion.

Story on Page 9.

U.S. Hijackers Returned by Cuba To Face Charges

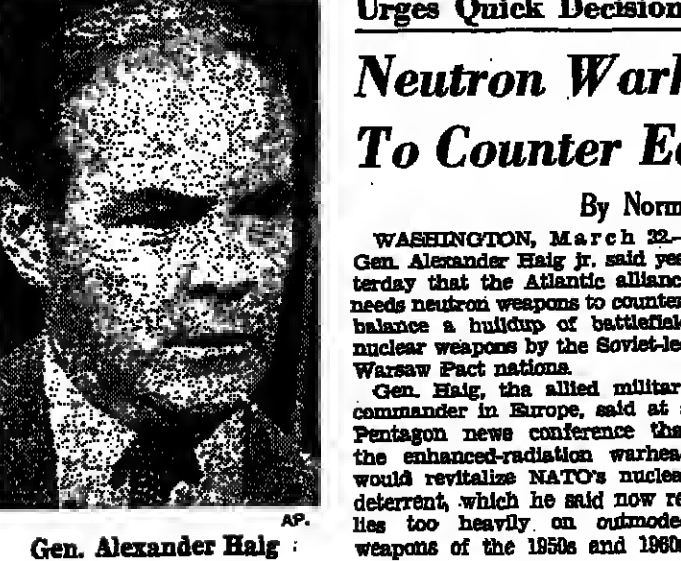
JACKSONVILLE, Fla., March 22 (AP).—Six Americans who spent 10 to 18 years in Cuban prisons after allegedly hijacking U.S. airlines arrived here yesterday from Cuba and surrendered federal authorities. They were taken before a U.S. District court here to face air-piracy charges.

U.S. marshals brought the six by charter airplane from Mexico, where they had been held by Cuban officials.

They were led before Judge William M. Leavelle, who ordered the six to appear in court on charges originally returned in Tampa, Fla., Philadelphia, Milwaukee and Brooklyn.

The six were identified by the State Department as Richard J. Garland, Grant, Angel C. O. Roldo, Rivera-Rios, Larry Oakes and Michel Mason 3d.

The six men had been released Havana under arrangements through U.S. officials and Cuban foreign minister last day.



Gen. Alexander Haig

Giscard Plans New Regime For a 'Broad National Union'

PARIS, March 22 (NYT).—President Valéry Giscard d'Estaing told France on television tonight that he will choose a new government to prepare the way for a "broad national union" based on social justice and reform.

Thanking voters for showing what he said was "intelligence" and a "good choice" in Sunday's legislative elections, he called on the defeated leftist opposition to join in a "reasonable cohabitation" in implementing his policies.

The President, who appoints the prime minister, said he would not announce his choice

Urges Quick Decision: Neutron Warhead Necessary To Counter East, Haig Says

WASHINGTON, March 22 (UPI).—Gen. Alexander Haig Jr. said yesterday that the Atlantic alliance needs neutron weapons to counterbalance a buildup of battlefield nuclear weapons by the Soviet-led Warsaw Pact nations.

Gen. Haig, the allied military commander in Europe, said at a Pentagon news conference that the enhanced-radiation warhead would neutralize NATO's nuclear deterrent, which he said now relies too heavily on outmoded weapons of the 1950s and 1960s.

Gen. Haig said that Soviet military commanders might be tempted to gamble that NATO would not use its older-model nuclear bombs because they would cause unacceptable damage to nearby civilian communities.

He said that the neutron warhead would be a more credible deterrent because it could be limited more effectively to military targets.

The neutron weapon, which the Pentagon envisages as a warhead for a 60-mile-range Lance missile or as a shell for artillery, kills with a burst of radiation but does not generate as big a blast or as much heat as other nuclear bombs.

Fewer Casualties

Gen. Haig and other supporters of the project contend that a neutron blast would do less damage to civilian property and cause fewer civilian casualties than a traditional nuclear weapon.

NATO planners believe that the weapon would be especially useful against Soviet tanks that had penetrated into a NATO country. In such a situation, allied commanders would be anxious to reduce casualties among friendly civilians.

President Carter has delayed for months the decision on whether the United States will produce the neutron bomb.

Congress last year conditionally approved the project but left the final decision to the President. Mr. Carter originally planned to

THE MIDEAST CRISIS Carter, After Begin Visit: Peace 'Still Far Away'

By Fred Farris

WASHINGTON, March 22 (UPI).—President Carter today concluded talks with Israeli Prime Minister Menachem Begin saying: "Peace still seems far away."

Calling their meetings "detailed and frank," the President emphasized that Israel must agree to withdraw from the West Bank of the Jordan river, as well as from other occupied territories.

Mr. Begin strongly and publicly reminded Mr. Carter that his nation's security is constantly challenged and that the Palestine Liberation Organization is committed to Israel's destruction.

In their exchange of statements on the White House lawn, during which both leaders appeared somber, they appeared to leave a wide cleavage between Israel and the United States over peace policy, although Mr. Carter reaffirmed U.S. friendship for Israel.

also their abominable acts... there is an alignment of many Arab states armed to the teeth by the Soviet Union and sometimes getting modern weapons size from the West."

The mention of weapons "from the West" may have referred to the Carter administration's plans to sell F-15 jets to Egypt and advanced F-16 jet fighters to Saudi Arabia, as well as the sale of additional F-15s and F-16s to Israel. The administration has already emphasized the balanced nature of the proposal and has said that if Congress rejected the sales to the Arab states the ad-

ministration would withdraw all three. Mr. Carter, in fact, met later today with key House members to urge their support for the deal.

Arms Package Firm

A administration official said, "The package will remain a package. The President is going to hang tough."

Mr. Begin, ignoring the President's reference to "challenge" and "opportunity," said Israel had already made a major contribution toward reaching a settlement. He cited Israel's offer to recognize Egyptian sovereignty

over the Sinai, his proposals for Arab self-rule on the occupied West Bank and an Israeli draft of a statement of principles to guide further negotiations.

Mr. Carter, restating the U.S. view that Israel must withdraw from the West Bank, said, "I emphasized the importance of reaffirming that all of the principles of Security Council Resolution 242 must apply on all fronts if peace negotiations are to succeed."

Mr. Begin disputes the interpretation that Resolution 242 requires Israel to withdraw from (Continued on Page 2, Col. 6)

In Mideast Package Deal Carter Presses Congress on Fighters

By Robert G. Kaiser

WASHINGTON, March 22 (UPI).—President Carter called key members of the House and the Senate to the White House for meetings today and tomorrow to reassert his intention to sell fighter planes to Egypt, Israel and Saudi Arabia in a "package deal."

Mr. Carter's decision to hold the meetings during the visit to Washington of Israeli Prime Minister Menachem Begin appeared to be a demonstration of determination by the President to go ahead with the controversial deal.

Mr. Begin has told Mr. Carter he opposes the package deal, and Israeli lobbyists and some members of Congress have already

announced their intention to fight it.

The administration plans to sell advanced F-15 jets to Saudi Arabia, advanced F-16s to Israel, and less F-15s to Egypt, and to make all three sales conditional on each other. If Congress were to vote to block one part of the package, the administration says it would cancel all three sales.

Mr. Carter invited members of the House Committee on International Affairs and the House leadership today to discuss the package deal. He will meet members of the Senate Foreign Relations Committee and the Senate leadership tomorrow.

A key pro-Israel lobbyist, Morris Amital of the American-Israeli Public Affairs Committee,

met at the White House yesterday with Frank Moore, Mr. Carter's chief lobbyist in Congress. According to informed sources, Mr. Amital urged Mr. Moore to delay the sales.

Mr. Moore replied that the administration would formally notify Congress of its intention to make the three sales as soon as the Senate has completed action on the Panama Canal treaties, the sources said.

Mr. Carter's decision, he days after such notification to adopt a joint resolution disapproving any or all of the sales. The pro-Israel lobby intends to seek a resolution of disapproval of the proposed F-15 sale to Saudi Arabia, then see if the administration adheres to its package.

An administration source said that Mr. Carter decided to call the White House meetings this week to make his case before Congress for Easter. The two committees Mr. Carter invited today are the ones that would deal with any resolutions of disapproval.

Opponents of the package deal have already indicated they intend to try to pressure members of Congress in their home districts during the recess next week.

Secretary of State Cyrus Vance and Secretary of Defense Harold Brown will take part in the meetings to help make the administration's case for the sale of the aircraft.

Administration officials argue that the United States should sell arms evenhandedly in the Middle East to retain credibility there as an honest broker. Israel and its friends, they say, are a departure from the historic "special relationship" between the United States and Israel.

Advance Iranian UN Force Takes Up Position in Lebanon

By James M. Markham

MEJILLAH, Israel, March 22 (UPI).—An advance force of Iranian UN soldiers took up positions south of the Litani River today after a day of arguing with Christian Lebanese militiamen who tried to prevent them from entering Israeli-held southern Lebanon.

The 65 Iranian troops and officers set up headquarters at the only intact concrete structure at the village of Rhandunyah, 15 miles west of Mejillah. The deserted, bombed-out village is 2 miles south of the strategic Al-Bridge over the Litani.

The UN troops rode in two open trucks, part of a long convoy consisting of jeeps and support vehicles. The convoy crossed into Lebanon west of the Mejillah checkpoint to avoid clashes with Christian militiamen, who had threatened to block their entry.

Mejillah is Israel's northernmost town at the tip of the Galilee peninsula. Israel called a unilateral cease-fire throughout the 700-square-mile battle zone yesterday and, despite warnings, did not retaliate for sporadic guerrilla shellings of civilian targets along its northern frontier today.

Despite the Christian militiamen's threat to use force to block the movement of the international troops into the area, the UN troops finally moved in without incident.

Mr. Begin responded that "behind those people who carry out

armed forces was making a tour of the front, and had stumbled upon two international Red Cross representatives and four journalists who had driven from Tyre through the hills to Ain Baal.

"How is the situation there?" asked Gen. Gur, a purple beret folded under the shoulder of his Khaki shirt, rolled up to the sleeves despite a sharp chill. Olivier Rumsbach, a Swiss Red Cross official who has remained in Tyre during the last week's hostilities, brought a frown to the general's face by answering that the city was almost deserted.

"Why don't they come back?"

"During the night, we had some shots and we did not respond," the general said. "There was not a shot from our side. As he conversed with the journalist for almost half an hour, an occasional, muffled boom rolled in from the distant hills.

Depends on UN

As the impromptu, roadside press conference unfolded, Gen. Gur seemed in a hurry to get what he called a very small expeditionary force out of Lebanon. When asked how soon the Israelis would pull out, he answered: "That depends really on the United Nations forces. This I can almost assure you—if it depends on us, very fast. If it depends on the United Nations, it might be days.



Gen. Mordechai Gur

'If It Depends on Us, Not UN' Gen. Gur Talks of a Speedy Pullout

By James M. Markham

AIN BAAL, Israeli-occupied Lebanon, March 22 (NYT).—Gen. Mordechai Gur leaped from his command car as it slammed to a halt, its four antennae swiveling under the impact of the stop.

Nestled among concrete houses draped with white flags of surrender, two Israeli tanks and about 40 soldiers faced down the twisting road to the Palestinian lines outside the port of Tyre—four miles northwest.

On the first day of Israel's unilateral cease-fire in southern Lebanon, the chief of staff of the

armed forces was making a tour of the front, and had stumbled upon two international Red Cross representatives and four journalists who had driven from Tyre through the hills to Ain Baal.

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Police Blame Terrorist Unit Spain's Prison Chief Is Slain By Three Gunmen in Madrid

By Three Gunmen in Madrid

MADRID, March 22 (UPI).—Three youths, believed by police to be members of the ultraleftist group GRAPO, shot to death the director of Spain's prisons system today in an ambush outside his home.

Interior Minister Rodolfo Martín Villa said that evidence in the slaying of Jesus Haddad, 40, pointed to GRAPO. The Marxist-Leninist organization, the Oct. 1 Anti-Fascist Resistance Group, has a two-and-a-half year history of slayings, bombings and two spectacular kidnappings.

There was speculation that the killing was carried out in retaliation for the death last week in prison of an anarchist who had been beaten by jailers.

The three attackers fired sub-machine-guns at Mr. Haddad, as his wife watched him leave for his office.

The youths fired on Mr. Haddad, considered a reformer, through a rear window after he had taken a seat in the back of his official car, police said.

Mr. Martín Villa said the assassination had similarities with earlier GRAPO operations in-

cluding the killing of a policeman on March 10 in Madrid.

GRAPO has tried to incite popular revolt by almost any means possible and could have used the anarchist's death as a pretext for killing Mr. Haddad, political sources said.

GRAPO's biggest operations were the kidnappings 14 months ago of the senior general in charge of military justice and of an adviser to King Juan Carlos. Both men were later freed by police, and most GRAPO leaders have subsequently been jailed. Mr. Martín Villa said about 20 GRAPO members are still at large.

Mr. Haddad, a member of the Ruling Union of the Democratic Center and lawyer who had just helped the top prisons post since December, had no police bodyguards because of his own desire not to use official protection. His driver fell to the ground in the attack and was not hit.

The prison chief was the sixth Spaniard to die in political violence in the last two weeks. Four of the deaths occurred in the Basque region in actions by the separatist group ETA.

While Palestinians maintain that they have mounted a small-scale guerrilla war behind Israeli lines south of the Litani River, Gen. Gur insisted that three or four days ago his troops had wiped out the Palestinian "strong points" and he said that any who had been seeded between his lines were not fighting at the moment. "Maybe there are some people who hide somewhere," he conceded.

He said that he hoped the UN force, which began a small reconnaissance mission east of here (Continued on Page 2, Col. 6)

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Jesus Haddad Blanco

In Turin Terror Trial

Red Brigade Plea for Own Defense Is Denied

TURIN, March 22 (Reuters).—Fifteen leaders of Italy's Red Brigades, the leftist guerrilla band that claims to have kidnapped former Premier Aldo Moro, were refused permission today to conduct their own defense in a trial they call an act of war by the state.

Mr. Moro, president of the ruling Christian Democratic party, was abducted six days ago. The Red Brigades say that it will put him on trial in a "people's court" as a counter to the trial proceedings.

The guerrillas being tried in Turin, including Brigades leader Renato Curcio, had demanded that they be allowed to defend themselves instead of being represented by court-appointed lawyers.

Most of the lawyers who were designated to defend the guerrillas after their chosen counsel withdrew from the trial argued that the 15 should be allowed to speak for themselves.

But the court rejected the argument and the presiding judge adjourned the trial until next Wednesday.

In Rome, police searching for Mr. Moro concentrated their hunt on the district of Trastevere, raiding houses and checking passing cars.

They admitted being no nearer to finding the "people's prison" where the Red Brigades have said they are holding the former premier.

Mobsters Aid Search

ROME, March 22 (UPI).—Italian mobsters trying to get "the police off our backs" served as guides today for detectives conducting a dragnet for the kidnappers of Mr. Moro.

Police said they had accepted help from gangs of Roman pickpockets, burglars, fences, drug pushers and armed robbers because "these guys know every possible hideout within 50 kilometers."

"These people have networks of abandoned houses and caves that we could never find on our own," a detective said.

More than 50,000 policemen and soldiers have searched throughout Italy since the Red Brigades seized Mr. Moro on Thursday and killed his five bodyguards.

Gang "bosses" said they decided to aid police because "Rome is crawling with cops and we can't work."

"My men are paralyzed with all these cops around and I've got to pay them even if they don't work," a gang leader said. "We figure the sooner they find Moro, the sooner we'll get the police off our backs."

Taiwanese Elect A Vice-President

TAIPEI, March 22 (UPI).—The National Assembly today elected Taiwan-born Shieh Tung-min to serve under President-Elect Chiang Ching-kuo.

Mr. Shieh, 71, the incumbent governor of Taiwan, received 94 of the 1,188 votes cast by members of the Assembly, the country's electorate.

Like Mr. Chiang, the Premier who yesterday was elected to his second post, the presidency, Mr. Shieh ran unopposed. He is the first native-born leader to be picked for such a high post.

Bracht Abductors Keeping Silent on Proof He Is Alive

ANTWERP, March 22 (AP).—Investigators are becoming increasingly concerned about the fate of Belgian Baron Charles-Victor Bracht, who was kidnapped two weeks ago, informed sources said today.

They said the abductors of the 63-year-old businessman still have not responded to requests by his family to supply proof that he is alive so the family can decide whether to pay a ransom demand believed to be more than 50 million francs (\$16 million).

In contacts with the kidnappers, the police and the family have received only the baron's car keys and his wristwatch.

Empire Mystery

PARIS, March 22 (AP).—Little more is known now about the fate of 40-year-old Belgian Baron Charles-Victor Bracht than when he was abducted from outside his Paris apartment Jan. 28. Some rumors have it that he may have been executed. Others are that he already has been released and is convalescing in a hideaway. His family says none of the rumors is true. The French Interior Ministry says nothing.

Quebec Immates Release Hostages

ST. JEROME, Quebec, March 22 (UPI).—Three convicts who held six persons hostage in a county jail for two weeks surrendered today, releasing their captives unharmed and ending the longest hostage drama in Canadian history.

Led by convicted murderer Edgar Roussel, 31, the prisoners held their hands in the air as they left the jail, where they had been holed up since March 8, when police surprised them in an attempted jailbreak.

"The release comes as a result of negotiations by two policemen who have been working around the clock trying to resolve this," a police spokesman said.



MARCHING AS TO WAR—A squad of South African soldiers march to breakfast at a forward camp in Owando, South-West Africa. These troops are taking part in patrols on the territory's border with Angola and Zambia, guarding against infiltration by guerrillas of the South-West Africa Peoples Organization.

Rhodesia War Control Cut

(Continued from Page 1)

shifting direct control of the war to what is essentially a military body will ensure tighter security, may spare black politicians the embarrassment of being closely linked with the anti-guerrilla war, and will give the interim government more time to organize

a full transfer of power to black rule on Dec. 31, 1978.

Frontline Summit Planned

DAR ES SALAM, March 22 (UPI).—Black Africa's five "frontline" presidents will meet here this weekend to discuss ways of pressuring the United States and Britain to pursue the Anglo-American plan on Rhodesia.

Robert Mugabe and Joshua Nkomo, joint leaders of the Patriotic Front, which was excluded from the internal settlement, were also expected to attend the conference.

Rep. Diggs held a one-hour meeting with Tanzanian President Julius Nyerere and then told a news conference that he hoped the summit would reaffirm his own support for the Anglo-American plan.

It will be the first frontline summit meeting since the internal settlement for Rhodesia was reached last month between Prime Minister Ian Smith and black moderate leaders.

The frontline states are Tanzania, Zambia, Mozambique, Botswana and Angola.

The United States UN Ambassador Andrew Young met with Mr. Nyerere yesterday before flying to Zambia, today. Tanzanian sources said that it was likely that Mr. Young would return here to attend the summit.

U.S. Initiative Urged

LUSAKA, March 22 (Reuters).—Zambia's president Kenneth Kaunda, apparently abandoning faith in British efforts towards a Rhodesia settlement, today urged the United States to take the lead in ending the territory's warring guerrilla war.

"Unless the American government takes the front seat in this whole and episode, we may not find a solution," Mr. Kaunda told U.S. envoy Andrew Young.

Suharto Elected To Third 5-Year Term in Indonesia

JAKARTA, March 22 (UPI).—Indonesia's 220-member Congress today elected President Suharto by acclamation to his third five-year term.

Mr. Suharto, in keeping with tradition, was not present at the 10-minute election. He ran unopposed.

Mr. Suharto will attend the Congress meeting tomorrow to take the oath of office. Former Foreign Minister Adnan Malik, whose election also is assured, will become vice-president.

Although there have been no reports of disorder since 30 suspected subversives were arrested yesterday and Monday, armed troops imposed tight security around the Congress grounds and patrolled the streets of Jakarta.

Universities and high schools have been ordered closed, until Congress closes tomorrow, to thwart protests by students who have been demanding government reforms and Mr. Suharto's resignation.

Serious Crime Down, FBI Says

WASHINGTON, March 22 (UPI).—Serious crime last year in the United States was 4 per cent below the 1976 figure despite a slight upsurge in violent crimes such as rape, assault and murder, the FBI reported yesterday.

The number of "property crimes" decreased 5 per cent, the FBI's preliminary annual report said. These decreases included 7 per cent for theft and 3 per cent for burglary. The number of automobile thefts was unchanged.

The declines were partially offset by a 10-per-cent increase in forcible rape, 5 per cent more aggravated assaults and 1 per cent more murders, the FBI said. Robberies declined 4 per cent.

GOOD FRIDAY

Joint service of English-speaking Churches, 12:00 to 1:00

Cathedral Choir to Perform "The Seven Last Words of Christ" by Heinrich Schütz and motets by Dvorak, Gounod & Cibaent Reading of Passion Narrative and Prayers

AMERICAN CATHEDRAL 23 Avenue George-V, Paris 8e.

At Influence-Buying Trial

Ex-Seoul Agent Blames Fear For His Defection From KCIA

By Timothy S. Robinson

WASHINGTON, March 22 (WP).—A former agent of the Korean Central Intelligence Agency testified yesterday that he defected to the United States and became a witness against Hancho Kim, a Korean-born businessman, because he feared that he would be imprisoned if he returned to South Korea.

Kim Sang Keum, who has said he was the second-ranking KCIA agent attached to the Korean Embassy here, testified that he decided to defect in November, 1976, after he heard "talk in the Korean Embassy" that his KCIA supervisor in Korea might be "disposed of" on the Korean influence-buying scandal continued to unfold in this country.

Kim Sang Keum's description of his defection concluded his two days of testimony under direct examination by the prosecution in the criminal trial of Hancho Kim. He is the first person to go to trial in connection with the Korean influence-buying scandal, charged with conspiring to illegally influence U.S. congressmen and lying to a grand jury investigating the situation.

Kim Sang Keum is expected to be under cross-examination for at least two days, as the lengthy process of questioning him through an interpreter continues before U.S. District Judge Thomas Flannery and a federal jury here.

Kim Sang Keum testified earlier yesterday that although he delivered cash to Hancho Kim from the KCIA to allegedly influence members of the U.S. Congress, he never told him specifically that he had directly paid off any members. Hancho Kim has denied receiving any money from Kim Sang Keum.

Kim Sang Keum said, however, that he received the impression from some of Hancho Kim's statements that payoffs had been made.

"He said such things not in a direct way. As an example, he said he had congressmen make statements favorable to Korea. He also said he had asked that military aid and economic aid to Korea not be reduced," Kim Sang Keum said.

Ethiopian Effort To Bind Wounds Gets U.S. Praise

WASHINGTON, March 22 (WP).—Ethiopia appears to be trying "to bind the wounds of war" in the Ogaden region, the State Department said yesterday in a conciliatory comment on the conflict between Somali and Ethiopian forces.

Somalia's forced withdrawal from its Ogaden campaign to "liberate" people of Somali origin has been followed by a flight of refugees, fearful of Ethiopian reprisals, across the Ethiopian border to Somalia.

However, the State Department said: "We are aware of no evidence of reprisals by the Ethiopians in the Ogaden, and, in fact, there is some evidence that they are making a real effort to bind the wounds of war."

The Carter administration—in addition to urging the withdrawal of Somali troops from Ethiopia to remove the justification claimed by Ethiopia for a Soviet-Cuban "combat presence" there—had suggested sending international observers into the Ogaden. Ethiopia balked at that, and the idea has been dropped, U.S. sources said.

In response to inquiries, the State Department said that "the question of observers appears to be less urgent than it once seemed."

British Ferry Crew Occupy the Vessel

FELKESTOWE, England, March 22 (Reuters).—A dispute between ferryman and the Townsend Thoresen Co. today threatened to disrupt Easter weekend travel to Belgium and Holland.

Crew members of the Gaelic Ferry occupied their vessel here after being dismissed over an unofficial strike.

Gur Talks of Timing of a Lebanon Pullout

(Continued from Page 1)

today, would move some of the troops from the Litani, just north of Tyre, which the guerrillas can still use. But he said that he would not like to see Syrian troops move down to the Litani—at least not yet.

"For the time being," he said, "I see no need for the Syrians to go down. If they want to, we prefer to have the Lebanese government, and army, do that. If the Syrians want to cooperate from the areas they control, there won't be any fedayeen [guerrilla] activity," the general added using the Arabic name

meaning "those who sacrifice themselves" that the Palestinians themselves use to describe their fighters.

Since the Israeli invasion, the bulk of the Palestinian fighting forces, and heavy weaponry have been pulled back north of the Litani, where their supply routes are subject to the control of the 30,000 Syrian peace keeping troops. So far, there are no signs that the Syrians are crimping Palestinian movements, and the coastal highway of Sidon was today dotted with trucks and jeeps from the el-Fatah commando group.

Gen. Gur said that he was not surprised at Syria's passive reaction to the invasion. "We never thought the Syrians would react,"—and cited a long-standing understanding that dates from the entry of the first Syrian tanks in Lebanon at the height of the Lebanese civil war in the spring of 1976 and which effectively confines them north of the Litani.

He continued reports that Israel exceeded its originally proclaimed six-mile limit and raced to the Litani on Saturday because of an unexpected "rush" to get the Security Council resolution passed. "We wanted to discuss the problem with the Americans right there in Washington," he said. "Suddenly we felt the resolution might come much faster."

BA Language Found Lacking

PARIS, March 22 (Reuters).—British Airways has been fined 80 francs (\$17) by a Paris court for failing to print the conditions on its tickets in French as well as in English, court sources said today.

The company also was ordered to pay 200 francs (\$42) in damages to the French Language Users' General Association, which brought the prosecution under the Language Purity Law of 1975.

Neutron Warhead Necessary To Counter East, Haig Says

(Continued from Page 1)

on making or deploying neutron weapons, but he turned down the Soviet proposal that they be abandoned.

"The Belgian government," he told the House of Representatives, "considers that disarmament is an overall problem and that its realization is in no way served by a decision reached in isolation, without reference to the general context of the present imbalance of forces in the European theater."

Neutron Funds Shifted

WASHINGTON, March 22 (WP).—With White House approval, the Department of Energy has begun to transfer funds earmarked for neutron weapons to other nuclear-arms projects.

If President Carter decides to go ahead with his neutron warheads, the present shift of funds could postpone production until 1979.

"We did not expect this long a delay in the neutron decision," an Energy Department official said last week after noting that almost half of fiscal 1978 has gone by.

Decision Urged

Although he avoided any direct criticism of Mr. Carter, Gen. Haig said that the President should make up his mind soon. "I don't think it is healthy for the question to drag on too long," he said.

Gen. Haig said that it would be a mistake for the United States to abandon the project unilaterally without a concession from the Soviet Union.

"It is ludicrous to military officials that so much attention is being given to the neutron warhead and so little attention is being given to the deployment of the SS-20 which is 2,000 times more powerful... warhead for warhead," Gen. Haig said.

The neutron warhead is essentially a nuclear weapon with a yield of about one kiloton. The SS-20 is a medium-range ballistic missile that can be moved to avoid detection. The West has no similar missile system.

Gen. Haig, White House chief of staff during the Nixon administration, was in Washington to confer with U.S. authorities concerning his twin jobs of commander of NATO forces and commander of U.S. forces in Europe.

© Los Angeles Times.

Belgium Avoids Stand

BRUSSELS, March 22 (AP).—Foreign Minister Henri Simonet refused to take a stand today

Bird's Smoking Risk

CHRISTCHURCH, England, March 22 (UPI).—A woman who put out a cigarette in a bird's nest in the eaves of a house said they presumed a bird had brought home a lighted cigarette stub.

Pacific Quake Reported

TOKYO, March 22 (AP).—A severe quake occurred today in the Pacific Ocean about 180 miles off Japan's northern island of Hokkaido, the Meteorological Agency said. Police said that no damages or casualties were reported.

Unesco Unit Drafts Anti-Racist Position

PARIS, March 22 (AP).—A Unesco conference on racism drew up yesterday a draft resolution that would define racist policies of governments as violations of international law.

It adopted by the 127 members of the General Conference of Unesco when it meets in October, the resolution would "engage the international responsibility" of the member states. It made no mention of sanctions.

Pakistan Ex-Aide Gets Year at Hard Labor

RAWALPINDI, Pakistan, March 22 (UPI).—A military court yesterday sentenced retired Col. Hakeem Ahmed, a leader of the Pakistan People's party and former member of the National Assembly, to a year at hard labor for violating a government ban on political demonstrations.

Col. Ahmed was found guilty in the court of participating in a demonstration against the death sentence given former Prime Minister Zulfikar Ali Bhutto by the Lahore High Court last Saturday.

Burundi University Strife

BUJUMBURA, Burundi, March 22 (AP).—The Burundi University and connected facilities have been closed by the government following a student strike.

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A Defeat for Democrats

House Bars Public Funding Of Its Members' 1978 Elections

By Steven V. Roberts

WASHINGTON, March 22 (AP)—The House yesterday killed any chance that its members' elections this fall would be financed by public funds.

The key vote was on a procedural motion to call up a bill that would have served as a vehicle for an amendment establishing public financing. The vote was 208 to 195, with the Republicans voting solidly against it and the Democrats losing key votes from the South and from some big-city delegations.

The vote was the second failure in as many days for the Democratic House leadership. On Monday the House thwarted an attempt to consider a White House plan to expand college scholarship aid for middle-income students. That bill was devoted to head off another proposal to give tax credits for college tuition, a highly popular but very costly idea that President Carter opposes.

The main reason for the vote yesterday was the strong feeling in the House that public financing could hurt some incumbent Democrats and cripple some Republican challengers. In certain races, both groups can depend heavily on private campaign funds donated by special interests representing labor, corporations and trade associations.

Separate Attempts
In addition, public financing attempts to limit the amount of funds that each party could give to its own candidates. This proposal was widely denounced as a "power grab" by the Republicans, who have raised far more money than the Democrats, and the issue seriously poisoned the atmosphere on public funding.

Accordingly, many supporters of public financing wanted to delay yesterday's vote until after the House had passed a bill that would raise the minimum age for some of the current bitterness would dissipate. But the House leadership moved ahead anyway.

Aides said they thought that they had a "good shot" at winning yesterday, and that the vote would have been even worse after Speaker Thomas O'Neill Jr., D-Mass., expressed dismay after the House vote and noted that certain special interests contribute heavily to the American Medical Association and the milk producers' lobby, had worked hard to defeat the bill. In the last few years, the number of political action committees, or PACs, organized to pay corporations and trade associations has risen dramatically.

"I worry about this Congress,"

House Passes Bill On Raising Age For Retirement

WASHINGTON, March 22 (AP)—The House yesterday passed, 381 to 6, a bill to raise the mandatory retirement age to 70 for most private-sector employees and abolish the age limit for most government employees.

The House approved a compromise worked out by a congressional conference committee two weeks ago. The bill now goes to the Senate.

The measure would affect private business as of next Jan. 1, and government employees on Sept. 30. The measure would apply to private-sector workers whose employer has 20 or more on the payroll, or about 70 per cent of the labor force. And it would grant up to two years for age-65 retirement provisions to be phased out of existing labor union contracts.

Rep. O'Neill said, "If the PACs keep going crazy like this." The bill that was rejected yesterday started out as an innocuous attempt to reform the Federal Election Campaign Act of 1974. After the 1976 presidential election there was wide agreement that the law should require fewer and less complicated reports about campaign contributions. Many politicians also objected to a provision that allowed the Federal Election Commission to make random audits of campaign accounts, even when no irregularity was alleged.

But last week, Democrats on the House Administration Committee surprised just about everybody when they pushed through a series of amendments to the reform bill. The main one would have reduced from \$50,000 to \$15,000 the total amount a party could give to its own candidates. It also cut from \$10,000 to \$5,000 the legal limit on contributions from special-interest committees. This infuriated the Republicans, who have raised about \$18 million for this year's congressional races, more than three times the Democratic total. The aim, the GOP charges, was to guarantee the Democrats permanent control of Congress, and perhaps even to wipe out all effective opposition. The Republicans yelled foul so loudly that even some Democrats were embarrassed at their colleagues' maneuver.

Farm Bill, Passed by Senate Links Prices Aid, Crop Cuts

By Richard L. Lyons

WASHINGTON, March 22 (AP)—The Senate passed yesterday a multibillion-dollar election-year farm bill that a supporter said would never become law and which opponents said could raise food prices by \$4 a week for a family of four.

The Carter administration today criticized the farm bill as one of the most inflationary government actions in recent years, according to a report by the Associated Press. The White House Council on Wage and Price Stability said that the bill would add 2 to 5 percentage points to the food-price inflation this year.

The bill started out as an attempt, by Sen. Howard M. Bader, D-Ga., to put cash quickly in the hands of hard-hit farmers with a land-diversion bill that would pay them an average of \$75 an acre to take out of production this year at least 31 million acres of wheat, feed grains, cotton and soybeans.

But yesterday, with Sen. Talmadge's support, the Senate voted 58 to 35 to add to his bill an amendment by Sen. George McGovern, D-S.D., that would encourage more production by raising price-support levels by about 20 per cent.

Then the Senate approved, 65 to 39, a proposal from Sen. Robert Dole, R-Kan., called "flexible parity," that would let a wheat, feed-grain or cotton farmer set his own price-support levels by a formula that would raise price supports in proportion to the amount of land taken out of production. It would raise both the target prices that the government agrees to give farmers directly and the loan prices that the farmer can borrow by "lending" his crop to the government.

The Senate then passed the measure, 67 to 26, but it seemed unlikely that it could work out some consensus with the House on a bill before the Easter recess. When Congress returns, many



JUST ANOTHER BOAT—Rhode Island real estate man Thomas Malloy in front of onetime presidential yacht Sequoia at Washington Navy Yard last July after he purchased vessel in public auction. He had counted on tourists to make purchase price worthwhile, but it seems they just aren't interested. He has since sold the boat.

Charter Blocks 3d Mayoral Term

Philadelphia's Rizzo Seeks White-Ethnic Base

By James F. Clarity

PHILADELPHIA, March 22 (AP)—While the politicians and the public were still pondering whether Mayor Frank Rizzo really meant it when he said he would not seek a third term, the mayor himself left no doubt that he

would seek a new career as head of a national campaign to protect the rights of white Americans. The timing of the mayor's decision surprised many Philadelphians but the substance of his announced intentions did not. The 55-year-old, former police commissioner has for many Americans come to symbolize the tough cop, the "great white hope" for those who fear or dislike blacks, especially in large cities with white majorities, such as Philadelphia, where blacks are one-third of the 1.9-million population.

In his last 23 months as mayor and beyond, he will champion the rights of nonblack "ethnics," Mr. Rizzo said, "across this city, across this country." Politicians here now feel, in retrospect, that the mayor's unequivocal statement last week that he would not run again and would not accept a draft in

do so was based on political realities that began 10 months ago in the citywide primary.

In that election, the two candidates backed by Mr. Rizzo for clerk, attorney and controller were trounced by anti-Rizzo Democrats. This weakened Mr. Rizzo's prestige around the state and killed his hopes for seeking the Democratic nomination for governor this year.

The only possibility for political survival in elected office then seemed to be a run for a third term as mayor next year. But the city's charter stipulates that no mayor may serve more than two consecutive terms, so Mr. Rizzo had to decide whether to seek public approval for a charter change in a referendum in November.

After announcing his intention not to run for a third term because "my hands are handcuffed," Mr. Rizzo announced: "I am now going to defend the people, the people of this city that I believe have been kicked around too long. I'm going to defend the rights of American citizens who happen to be ethnics. The whites have to join hands to get equal treatment."

So that there would be no mistake what he meant, Mr. Rizzo emphasized: "When blacks say something, it's to help their people. When the whites get together and ask for something they're racist. Now where's the fairness here? I'm tired of hearing that."

The mayor also said one of the first steps he would take in his new role would be to ask all candidates in the current campaign for governor of Pennsylvania to

state their positions on racially sensitive issues such as public housing, busing and quota systems in employment and education.

Anyone who disagreed with him, the mayor suggested, "couldn't get elected dog catcher." When a black woman television reporter asked him what effect his campaign would have on the city's blacks, Mr. Rizzo said to the reporter, "Your race is beginning to show on your arm."

This provoked the Philadelphia Daily News, a general-circulation newspaper, to accuse Mr. Rizzo in an editorial of intending to "build himself a national power base as a kind of Northern replacement for George Wallace."

Mexico Politician Accused of Fraud

MEXICO CITY, March 22 (AP)—Eugenio Mendez Docurro, former secretary of communications and one of Mexico's best-known politicians, was arrested yesterday along with four of his aides on charges of fraud and misappropriation of government funds, the attorney general's office said.

Mr. Mendez Docurro is the second member of former President Luis Echeverria's cabinet arrested for fraud. Several lesser members of his government are in jail on similar charges.

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To Liberal GOP Congressman

Conservative Minister Loses Primary

CHICAGO, March 22 (AP)—Rep. John Anderson, chairman of the House Republican Conference and the third-ranking GOP congressman, today survived a serious challenge in the Illinois primary election from an ultraconservative evangelist, the Rev. Don Lyon.

Mr. Lyon conceded defeat, blaming Democratic crossover votes for his loss.

In a turnout estimated at 20 provided the margin of victory, but they deserve a lot of credit," Rep. Anderson said. "They came into the race to help stop an effort by the far right to purge a congressman who had taken a moderate stance. I have no quarrel with conservatives, just with those who are really radicals masquerading as conservatives."

Rep. Anderson, considered a liberal, called for President Richard Nixon to resign at the height of the Watergate scandal. His voting record has infuriated Republican rightists.

Seith to Face Percy
He is seeking his 10th term in the 16th District and will face Democrat Ernest W. Dehl in November.

per cent of registered voters, Alex Seith won the Democratic nomination for the U.S. Senate, and Illinois controller Michael Bakalis won the Democratic nomination for governor.

Mr. Seith, a specialist in international law, defeated Anthony Robert Martin-Trigona, a

wealthy Chicago businessman, and will oppose Sen. Charles Percy in November. Sen. Percy defeated perennial "America First" candidate Lar Daly in the GOP primary.

Mr. Bakalis, who defeated attorney Dakin Williams, the brother of playwright Tennessee

Williams, faces Republican Gov. James Thompson in November. Gov. Thompson, who was swept into office in 1976 by a record majority, was unopposed in the primary.

In the 22d Congressional District, Democrats and Republicans were in races to nominate candidates to succeed Rep. George Shingle, a Democrat who is retiring after 30 years.

In the 10th District, north of Chicago, seven Republicans were competing to run against Rep. Abner Mikva, a Democrat who won in 1976 by just 201 votes.

Two Bombs Explode, Kill One in Denver
DENVER, March 22 (UPI)—Two dynamite bombs exploded near central Denver early today, killing one man. A third explosive device was found nearby but was disarmed by police bomb squad personnel.

The lone victim either planted the bombs or found one just as it detonated, the head of the Police Department's bomb squad said. "The man obviously was crouched over the bomb when it went off," he said.

The court ruled that the former shareholders' complaints were "not well-founded."

Mr. Cornfield has been free on bail of \$5 million Swiss francs (about \$2.5 million) since 1974, after being held in jail for 11 months. He has already been ordered to stand trial on charges of commercial fraud, and his appeal against that order is still being considered.

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Abu Dhabi to Lend Tanzania \$7 Million

DAR ES SALAAM, March 22 (UPI)—Abu Dhabi has agreed to lend Tanzania \$7 million to help finance a sugar project, Finance Minister Edwin Mtei said today. Mr. Mtei said the money will be used to buy agricultural machinery.



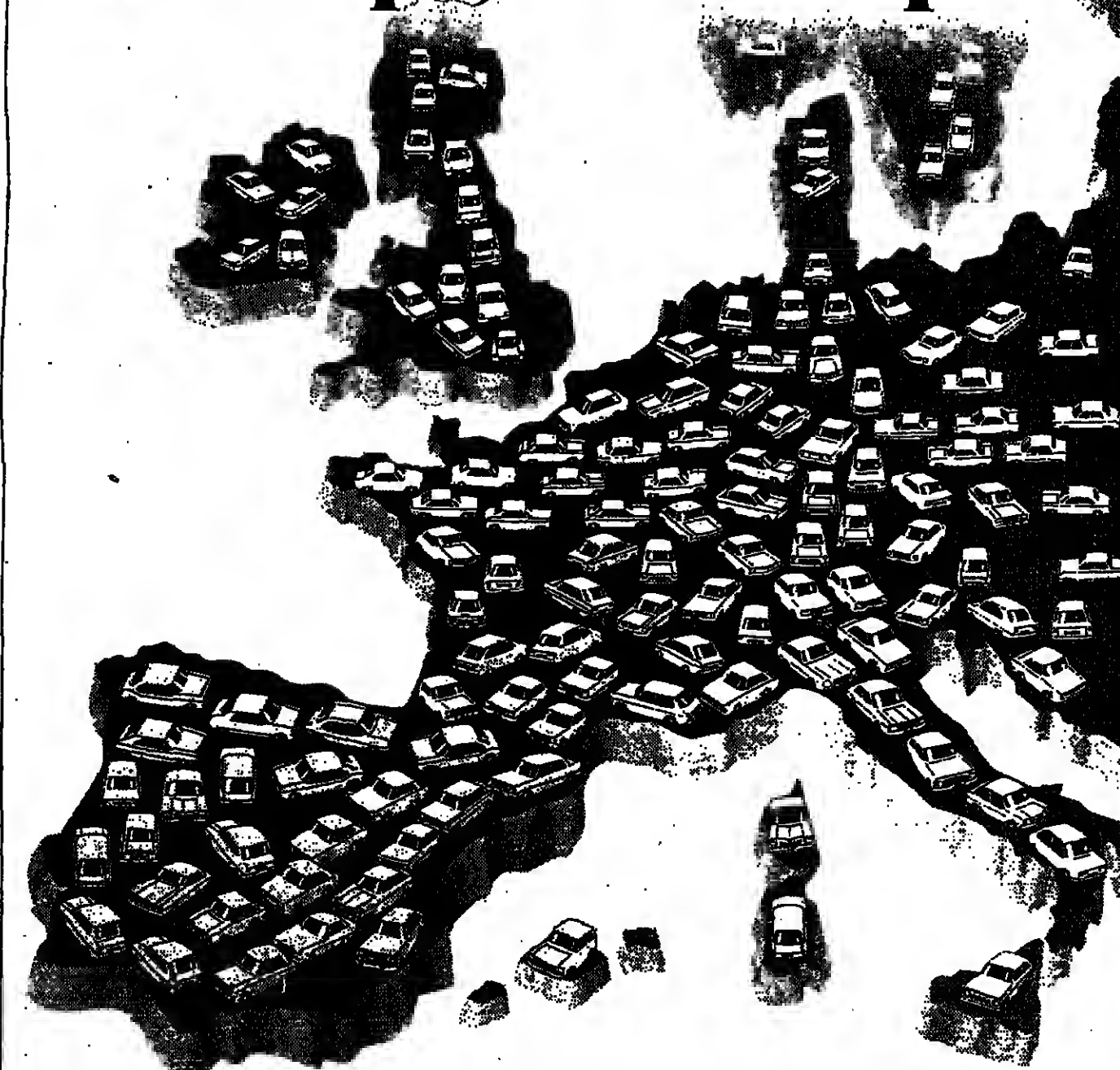
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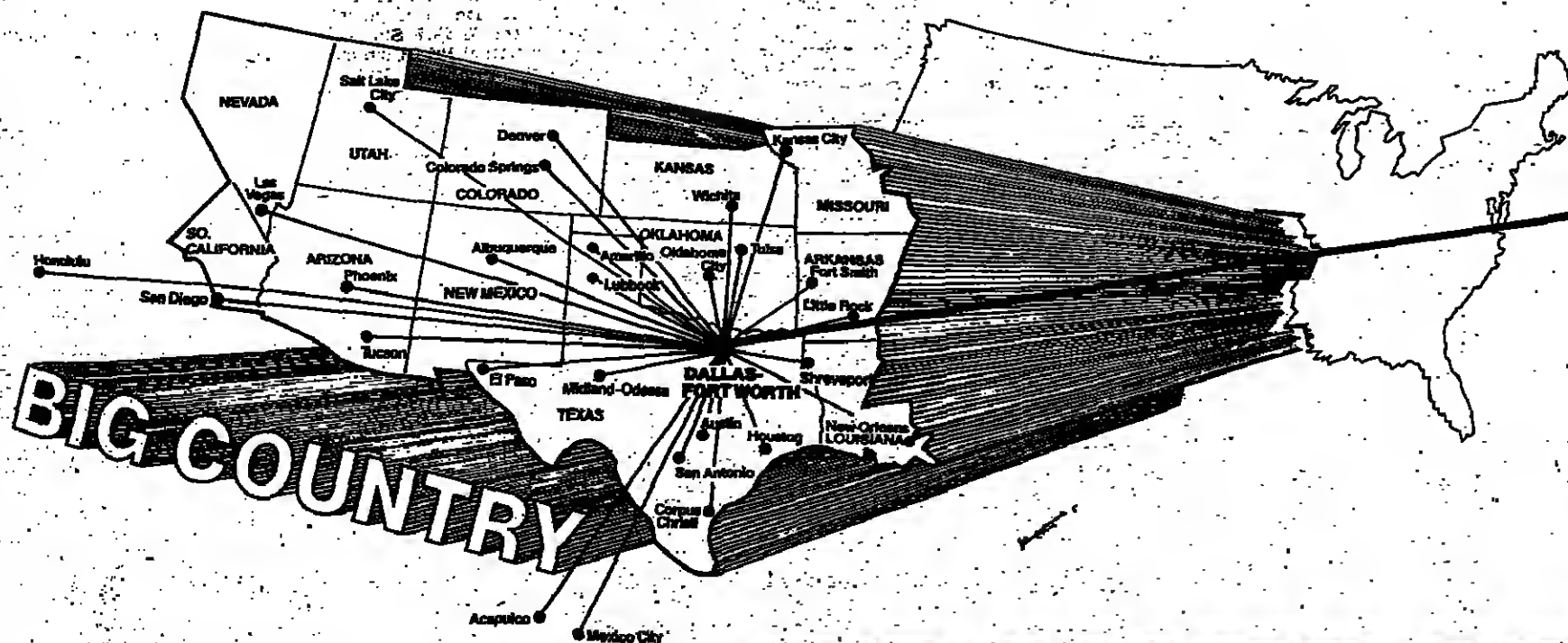
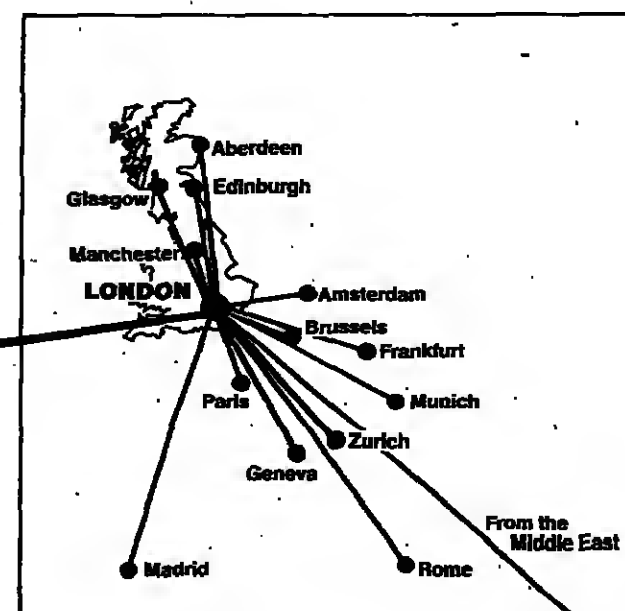
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Denver	5:30pm (Ex. Sat.)
	5:10pm (Sat.)
Kansas City	6:40pm (Ex. Sat.)
	7:40pm (Sat.)
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Israel's Anxious Friends

Mr. Begin's luncheon on Tuesday with the Senate Foreign Relations Committee was perhaps the most important event on his Washington agenda. From old and close friends of his country, he encountered a markedly skeptical attitude of a sort to which Israeli prime ministers are not accustomed. The senators pressed Mr. Begin on his insistence on establishing new settlements in occupied territories. They questioned his view that the call for return of occupied territories in UN Resolution 242 does not apply to the West Bank. Sen. Charles Percy, R-Ill., later told reporters the settlements question "has divided Israel, divided the U.S. Jewish Community and caused an erosion of support for Israel."

Israelis have long felt that presidents, influenced by bureaucrats calling their attention to other factors, cannot be counted on to respect Israel's view of its own security requirements; therefore, Israel must bring its political leverage to bear on the Congress. There lies the significance of Mr. Begin's luncheon. The Senate Foreign Relations Committee, representing most Americans on this issue, feels a great attachment to Israel. But it has deep misgivings about the Begin government's response to Anwar Sadat. Few would sell short the considerable steps Mr. Begin has taken. Many ask whether he has done what is necessary to ensure that the opportunity before Israel is not lost.

Doubtless the temptation is great to attribute difficulties to Israel's political "enemies," or to look to events like the latest Palestinian terrorist attack or the counter-attack into Lebanon to win sympathy and divert criticism. Some U.S. Jews have even tried to set up one particular administration official, Zbigniew Brzezinski, as a scapegoat. There is an understandable reflex at work. But there is a deadly illusion, too. It is that Israel can, to its own advantage, avoid the difficult choices that lie between it and peace.

It is for the Israelis themselves to face those fateful decisions. But it is for the U.S. friends of Israel, including the U.S. government, supporters on Capitol Hill and the U.S. Jewish Community, to offer their best judgment of what further policy changes from both Israelis and Arabs would best move the peace process along. This is not a question of "imposing" a settlement, least of all of "abandoning" Israel, but of adding honest counsel to the very substantial patronage that will and, we believe, should continue to be forthcoming in any event.

Mr. Begin should be trying not merely to win backing for his policies but to understand what about them troubles so many Americans. If he can safely ignore Israel's "enemies," he must not ignore its friends.

THE WASHINGTON POST.

Let Our Airlines Go

If airlines had the opportunity to choose their own routes and set their own rates, competition would drive down fares without reducing the quality of service. That's the idea behind the White House-backed airline deregulation bill that would give air carriers the right to lower fares by as much as 50 per cent and to enter new markets on a limited basis without prior government approval.

Thanks to the strong leadership of Senators Cannon and Kennedy, the bill has a good chance of passage by the Senate next month. But deregulation is having a much tougher time in the House, where it has come up against bitter opposition from some of the airlines and their unions. Ironically the struggle to retain tight federal controls is being led by the conservatives on the House Aviation subcommittee.

In public, the opponents of deregulation argue that the proposed competition would create chaos as carriers maneuver for the best routes and bid for passengers with bargain fares. The disruption, they contend, would ultimately bankrupt the smaller and financially weaker airlines leaving the field to a few giants who would then raise prices and cut service.

The ruinous effects of competition are being described so vividly that we wonder how any industry manages to survive without the restraining hand of government. But one need not even look to the value of competition to other industries to see how silly the predictions of doom really are. In recent years, the consumer-minded Civil Aeronautics Board has been prodding air carriers to experiment with promotional fares. The result has been a drastic reduction in the cost of air travel on many routes—and a rise in airline profits. Flying full plane-loads at

lower fares turns out to be more profitable than flying half loads at premium rates.

The private motives of the opponents of deregulation have little to do with consumer interests. One major airline, Delta, is prominent in the opposition because it has an extremely profitable route system and wants to keep it. It is financially strong enough to survive any potential shakeup of the industry, but apparently sees no corporate virtue in greater competition. Why the unions oppose deregulation is less clear. Labor might do very well under less regulation. Competitive fares should generate more passengers and more flights, and thus an increased demand for maintenance and ground service. But for the moment, it is the airline pilots who are calling the labor tune and they fear for their salaries. Under government regulation, the airlines have been permitted to pass on the princely wages of pilots to the public in the form of higher fares. With effective competition the carriers would have a stronger financial incentive to resist the pilots' demands.

Rarely is a public policy issue so clearly defined. Airline deregulation would mean lower fares for travelers and a chance for well-managed airlines to increase their profits. It would also mean less government interference in the private economy, and even a small check against inflation. The only apparent reason to maintain restrictions on fares and routes is to preserve the comfort of a few airlines and their pilots. Why should not the natural conservatives of the business and labor world seize this chance to roll back bureaucracy and regulation to give the free market a new respectability?

THE NEW YORK TIMES.

International Opinion

Question of South Lebanon

The question is in which way the situation in South Lebanon can be normalized again. It would be normal if the Lebanese government, nominally exercising sovereignty over all Lebanese territory, would be able to exercise actual authority in the country's south. But there is not a bit of it for years. This is exactly the problem that contributed to creating a situation in which Palestinian guerrilla organizations could give all orders and that again led up to the Israeli operative response. In order to normalize things a situation has to be created in which Israel will be able to withdraw without the previous situation being restored.

—From Het Parool (Amsterdam).

U.K. Curbs on Immigrants

What the report really means is that as many would-be immigrants as possible should be kept out, and that as many (as possible) of those who are already here should be sent home. As the report itself admits, stricter enforcement of the rule concerning right of abode would almost certainly require a new system of internal control of immigration with all that entails in the way of identity checks. Do we really want to move to stricter controls on movement, perhaps even to identity cards, for the sake of keeping out a few thousand Asians and getting rid of a few thousand more? How far is it

from there to the pass laws? And is it really worth it? Accepting the committee's report would mean increasing the staff of the Immigration Service, the Inland Revenue, the Department of Health and Social Security and possibly creating a new internal control service to boot.

—From the Financial Times (London).

The first point of the report is that there must be an end to large-scale immigration. This country, broadly speaking, has had enough. No other country has been asked to accept immigration on such a scale—in relation to its size—and it is right now to call a halt. Tighter controls are necessary. At the moment, around 50,000 non-white immigrants a year—the population of a small town—are accepted for settlement, as far as we can judge. A significant point about the report is that the Home Office statistics are unreliable. So we do not actually know how many immigrants are here, or how many are coming in. In this light, the major recommendations of this all-party committee will strike most people as simple common sense. We need an annual quota from the Indian subcontinent. We need a tougher approach to illegal immigrants and over-stayers. And sanctions against employers who employ illegal immigrants would also be good. The committee's recommendations are tough but fair.

—From the Daily Telegraph (London).

In the International Edition

Seventy-Five Years Ago

March 23, 1903

NEW YORK—Taken all in all, the award of the Presidential Coal Strike Commission, announced yesterday, is not a sweeping victory for either the operators or the miners. John Mitchell, president of the Miners' Union, declares himself well satisfied, inasmuch as while all the miners demanded has not been won, they have made a distinct gain. The miners got an increase in wages and shorter hours but their union is still not recognized.

Fifty Years Ago

March 23, 1928

NEW YORK—American actors intend to have their revenge for the refusal by the British Ministry of Labor to grant permission to the American actress, Miss Alden Gay, to appear in a play at a London theatre. The Actors Equity Association of New York, which took the matter up strongly, has adopted a resolution to oppose all alien actors or actresses coming to the United States "seeking work." Only those with a valid contract will be unopposed.



Carter's Message to the Kremlin

By Victor Zorza

WASHINGTON—An unfortunate choice of words by President Carter is responsible at least in part for Moscow's misinterpretation of his latest speech, and the Kremlin's angry reaction to it. The first official U.S. commentary said that the President had announced a "major reassessment" of U.S. strategy, and Moscow understood this to mean that Carter had almost turned the clock back to the cold war. It detected "a shift of emphasis" from Carter's policy of negotiations, détente and limiting the arms race, "to a policy of threats and of building up tensions."

Carter had indeed said that "we have recently completed a major reassessment" of national defense strategy. What he failed to make clear, however, was that the reassessment was completed eight months ago. It was last August that Carter issued his Presidential Directive-18, a five-page document which is designed to serve as a guide in the formulation of foreign policy and national security. But the Kremlin's spies have evidently failed to get hold of the document. First, he said, the United States would maintain the strategic nuclear balance. Second, it would work with NATO to strengthen Europe. Third, it would build up forces "to counter any threats" to the "vital interests" of the United States and its friends in Asia, the Middle East and other regions.

The first of these is not new, since the maintenance of the strategic balance has been the objective of all previous administrations. The second, the European defense policy, is only half new. Previous administrations have paid lip service to it, but failed to carry it out fully because of their commitments in Vietnam and other precommitments. It is in the third category, which used to be known as peripheral, that the Carter administration has made a real change. Carter says that the United States has "important historical responsibilities" in East Asia, in the Middle East, and in the Gulf. While his preference is to use international agreements to "minimize the threat of conflict" in these and other areas, he goes out of his way to tell the Kremlin that he is prepared to act if provoked. "We have the will," he says, "and we will also maintain the capacity, to honor

our commitments and to protect our interests in those critical areas." To this end the Defense Department is building up—"at my direction"—forces which could be quickly deployed to any area. It is a time when a Soviet-Cuban expeditionary force of more than 10,000 men was quickly deployed to Ethiopia, Carter's warning about the Soviet Union's "ominous inclination" to intervene with military power in local conflicts, and his determination to have the forces with which to counter this, will not be lost on the Kremlin. But this is not a sudden response to the Soviet presence in the Horn of Africa. PD-18 had in fact anticipated possible Soviet adventures of this kind, and had therefore emphasized the need for a considerable improvement in the mobility of U.S. forces, and for the strengthening of conventional forces.

This is based on the assumption—which U.S. policy-makers don't recognize in so many words—that the United States can no longer rely on nuclear superiority, as it did in some previous crises. The assumption is that there will be considerable advantages to the side which can get its forces to the crisis area first—for the other side would then have to dislodge them.

It is the decision to do something about these problems that is beginning to introduce new elements into U.S. strategic thinking. But the Kremlin concentrated its attention on those of Carter's remarks which it says are "incomprehensible" in his claim that the United States wants to avert a nuclear war. The Kremlin was paying attention to the new tone of the President's speech, rather than to its substance.

Carter's theme was the need for U.S. strength in the face of the Soviet Union's growing power, and his intention was to assure both the Kremlin and his domestic critics that he would do whatever is necessary to meet this challenge. His speech was peppered with references to "strength—the final protector of liberty." The chance of war would be reduced by "demonstrated strength." The United States would "maintain strength equal to the challenges" facing it. Those who would destroy liberty were restrained by the knowledge that "those who cherish freedom are strong." And so on and so forth.

Message Received

Moscow got the message. Most Western news reports ignored Carter's rhetoric and concentrated on the substance. But the Kremlin's analysts would not doubt have treated every one of Carter's flourishes with the respect they accord to their own leaders' assertions. Were they right to do so? Carter's speech had gone through several drafts, and both the hawks and the doves in his

Cabinet had a chance to suggest revisions. They did, and the last draft contained tough as well as mild versions of the key passages—as well as something in between. Carter himself made the final choice—and he did not always choose the toughest.

Some of his domestic critics welcome the tone of his speech, but they are still waiting to see whether it will be translated into policy. Moscow, on the other hand, dislikes the tone—but assumes that it represents a new policy. In fact, the struggle for Carter's soul between the hawks and the doves in his entourage is still going on, although "the hawks" have made some progress, and will make more unless Moscow moderates its conduct—which is the real message Carter intended to convey to the Kremlin.

Ivan Illich: Is Anyone Listening?

By Jonathan Power

CUERNAVACA, Mexico.—No one is listening to Ivan Illich in Cuernavaca. He sits in a bar in the evening, his long lean philosopher's face caught in the street lamp. Across the way in the plaza, its flowering trees and handstand silhouettes against the Palace of Cortes begun by the conquistadors in 1520. The fruit-juice sellers are hawking their wares. The crowd's roll around the plaza, talking, meeting friends, admiring the handstand's intricate wrought-iron Victorian, or rather Maximilian, for it was the Mexican emperor of the 19th century who first turned Cuernavaca into a town of substance.

Our philosopher is still there, waiting for his appointment. I've chosen a bar as much as I can as I walk across the square to meet him, for any sweet somnolence match sweet images are drowned by the roar of the traffic. The convivial society? No, says Illich, with a wave of his hand as we pound through the back lanes, his long legs racing mine, point d'interêt. The buses, trucks, cars and delivery trucks hoof their way through the old streets. The café, he tells me, which once surrounded the elegant square are for the most part gone, bought up by the banks, which in this country settle for little less than what money can buy. One whole side of 19th century has been torn down to make way for an office block owned—such are the pressures of 20th-century life—by the Instituto Mexicano del Seguro Social.

Use of Energy

Is anyone listening to Ivan Illich? It's five years since he published "Tools for Conviviality" but little has changed. "In the United States, 22 per cent of the energy consumed powers vehicles and another 10 per cent keeps roads open for them," he wrote. "The amount of energy is comparable to the total energy, except for domestic heating, required for the combined economies of India and China. The energy used up in the United States for the sole purpose of driving vehicles built to accelerate beyond highway speeds would suffice to add auxiliary motors to about 20 times that many vehicles for people all over the world who want to move at bicycle speeds and do not or cannot push the pedals because they are sick or old; or because they want to transport a heavy load or move over a great distance." The superhighways of North America, of Europe, and of Mexico, too, are a backward step, says Illich. "As speed increases, the adaptation of life patterns to

vehicles becomes tyrannical. Compulsory maddening behavior in Hades was considered the ultimate punishment reserved for blasphemy. Sisyphus was forced to keep rolling a stone uphill, only to see it roll back down. . . . When maddening behavior becomes the standard of a society, people learn to compete for the right to engage in it. . . . Every blind people and makes them compete for addiction."

Illich was born in Vienna in 1926. He went to the United States in 1957 where he was the youngest cleric ever elevated to the rank of monsignor. Later he was founder of the widely known and controversial Center for International Documentation in Cuernavaca—it was, Illich says, a center for "deyankefication"—where priests and laymen sought the right to engage in it. . . . Every blind people and makes them compete for addiction."

The center is now closed, "its work done." But Cuernavaca is still Illich's retreat from the world. He had just returned a week before I arrived from five months in India, wandering friar, though no longer a priest of the Roman Catholic Church, spreading his ideas to the one large society where "the options are still open on a technical level."

The new Indian government excites him. A recent government report shows that it is possible to train every year one "health protector" for every 1,000 Indians. They won't be doctors but men or women who understand the essentials of good diet, sanitation,

inoculations and basic medical science. "This means the whole of India will be covered by the services in 10 years. Ninety per cent of all illnesses can be cured that way," observes Illich.

This was very much the message of one of his more notorious works, "Medical Nemesis," which provoked debate in Western medical establishments all the way from Los Angeles to Sydney.

Medicine is in Illich's eyes an example of more not being better; of science overreaching itself; of the rich shrouding a few specialists in benefits, a few intricate techniques, at the price of disenfranchising the majority of people who are searching only for the elements of basic medical care. "The hospitals of America cater for exotic repair jobs on the rich while the infant mortality of the U.S. poor remains comparable to some tropical countries in Africa and Asia."

Causes to Serce

"The technological escalation of medicine first causes to serce healing, then causes to prolong life. It turns into a death-denying ritual of terminal care: a final race in which the personality best fitted to machines turns in the most spectacular performance."

Illich has a propensity to overstate, to use 10 words when one will do, to run arguments together that should be stated more soberly and separately. But he has a excuse: "Poets and clowns have always risen up against the oppression of creative thought by dogma. They expose literal-mindedness with metaphor. The prophet can denounce creeds and expose superstitions and mobilize persons to use their lights and wits." Is anyone listening?

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NYSE Nationwide Trading (3 O'clock) March 22

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What B·A·T Industries did in 1977...

Increased turnover to £6,212 million, raised pre-tax profits by 11%, manufactured in 78 countries, employed 250,000 people and contributed a net £142 million to Britain's balance of payments.

Tobacco Division

The Division is the free world's largest manufacturer of tobacco products with a turnover of £2,104 million and £346 million operating profit in 1977. The subsidiary and affiliated companies employ over 115,000 people in factories in 51 different countries. Exports from the USA include Kent, Kool, Lucky Strike, Pall Mall and Viceroy; and brands exported from the UK include well-known house names such as Benson & Hedges, John Player, Slade Express and Wills. A B&W cigarette is the brand leader in 38 countries.



Paper Division

In 1977 the Paper Division's turnover totalled £552 million and operating profits were £28 million. The principal interest is Wiggins Teape, which makes a variety of industrial papers and an extensive range of specialty papers such as idem carbonless copying paper, as well as high grade printing and writing papers. The company has 15 mills in the UK, and 5 more in Belgium, France and Eire. Outside Europe there are mills in Brazil and India, 5 factories in Africa, and a 50% interest in Associated Pulp and Paper Mills in Australia. The Division also has a 60% interest in Harlow Packaging International, a US based large scale packaging company, with 100 factories - mainly in the UK, France, Germany, Canada and the USA.

Retail Division

In the USA, the Group's interests comprise Cimbil Brothers, with 39 department stores, Saks Fifth Avenue with 31 high-fashion stores and The Kohl Corporation with 96 stores, mostly supermarkets. In Britain, the Supermarket Group, Peg-Pag is a supermarket chain of 38 stores. In Britain, International Stores operates 730 supermarkets and self-service stores, and the Division also owns Keirley & Tongue the grocery wholesalers. Other retail interests include trade investments in Canada and Denmark, and a 25% stake in the Herten chain of 58 department stores in West Germany. Retailing turnover in 1977 was £1,391 million and operating profits were £24 million.

Cosmetics Division

The Division comprises the Houses of Yardley, Lenthéric, Morny, Cyclox, Juvena, Germaine Monteil, Scandia and Yvêche. Their perfumery, cosmetics, toiletries and hair care products are sold in 143 countries and manufactured in 38. The principal establishments are in the UK, USA, Canada, Brazil, Colombia, Venezuela, France, Germany, Spain, Switzerland, South Africa, Singapore, Australia and New Zealand. Turnover and operating profits were £105 million and £3 million respectively in 1977.

...and how

"During 1977, turnover increased by 10% to the record figure of \$6,212 million, with a pre-tax profit increase of 11%, to \$416 million. This has been a year of solid growth, particularly in the Division's major product line, where turnover increased by 21% and profit by 56%. In particular, Wiggins Teape, the principal part of the Division, increased its operating profit by 62%.

early in the light of the impact of a rising pound on our overall results and continuing difficult world economic conditions. Net profit attributable to the shareholders of B-A-T Industries has risen by 24% and we have increased dividends by 21.3%.

Our worldwide tobacco business has had a good year. The tobacco industry is still growing and, despite increased competition, our business in total grew faster than the industry as a whole.

In the UK, International Stores' operations improved substantially, benefiting from the rationalisation programme and from the acquisition of P J Wallis.

The Paper Division had a very satisfac-

Group Profit Summary	1977	1976
	£ millions	
Turnover	6,812	5,637
Operating Profit	473	430
Profit before taxation	416	374
Net Profit attributable to B.A.T. Industries:-		
before inflation retention	210	170
after inflation retention	158	124
Dividends	44	38
	pence	
Earnings per ordinary share	62.4	51.2

Prospects

The final results, expressed in sterling, will depend very much on the exchange rates ruling at the end of next September. With five months of the year behind us and exchange rates at their current levels, I believe that maintenance of last year's level of profit attributable to B-A-T Industries' Shareholders is as much as we can expect and that this will only be achieved with some difficulty. Nevertheless, looking beyond the immediate future, the underlying growth prospects of the business remain strong."

Peter Macadam.
Chairman.

المشاور:

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(Continued on Page 10)

**This machine communicates
over 150 words per minute across oceans
at less than 1½ cents per word.**



**And also listens, reacts, sympathizes,
charms, persuades, pleads, cajoles, apologizes,
needles, soothes, explores, informs, explains
and does whatever else it takes to solve the
problem or close the sale.**

**Call overseas.
Your voice makes the difference.**



U.K. Reduces Steel Sector's 1978 Outlays

Capital Spending Rises 9.1% Overall in 1977

LONDON, March 22 (Reuters).—Britain plans investment cuts and plant closures to curtail the losses of the state-owned British Steel Corp. (BSC), according to a policy document made public today.

Plans to increase capacity at several steel plants have been scrapped, it said. The government also gave BSC the go-ahead to negotiate the early closure of unprofitable plants with trade unions. BSC's existing overseas debt would be serviced and repaid in full at the due dates, the document said, but added that the steel concern needed a substantial capital reconstruction program.

BSC is expected to post a record loss of about \$500 million for the year ending March 31.

Industry Secretary Eric Varley said "everything practical" will be done to provide alternate employment for those losing their jobs due to plant closures.

The limit to government aid for BSC will be decided on a year-by-year basis, with the state-owned steel producer receiving \$375 million in the fiscal year beginning next month.

Mr. Varley said the government had agreed with BSC that modernization and expansion programs nearing completion would be finished and that programs to improve the quality of steel products should also go ahead.

The BSC capital spending program for 1978-79 will be about \$500 million.

The government said new capital needs for now would be met by subscriptions under the government's Iron and Steel Act of 1976. It added that dividends on new capital would only have to be paid after reconstruction projects had been completed.

Loyalty to Receive Loan

The government also announced that the National Enterprise Board has been authorized to advance a short-term loan of \$275 million to state-controlled British Leyland.

Mr. Varley said the loan is to enable Leyland—which just reported a \$51.9-million loss last year—to repay some temporary borrowings and continue its capital expenditure program.

The BSC spending cuts were announced at about the same time that the Department of Industry reported that capital expenditures rose less robustly last year than had been forecast.

Below Earlier Forecasts

The figures are seasonally adjusted and based on 1970 prices. Although there was a rise in spending both in the manufacturing sector and elsewhere last year, the increases were well below the 15-to-20-per-cent gain the department had been forecasting at the start of last year.

The department said increases of 20 per cent or more were recorded in the food, drink and tobacco sectors and nonferrous metals. Above average increases were also seen in the engineering, shipbuilding, paper and printing and vehicles industries. On the other hand, investment in the steel industry, dominated by state-owned British Steel Corp., plunged 25 per cent last year.

The department also released figures showing that inventories held by manufacturers, wholesalers and retailers increased \$330 million last year to \$14.625 billion.

The rise occurred in the first half of the year as stocks declined \$70 million in the third quarter and \$68 million in the fourth quarter.

Contract Margins Rise For Mercantile Trades

CHICAGO, March 22 (AP-DJ).—The Chicago Mercantile Exchange is raising margin requirements effective next Tuesday for nine commodities, including five in the livestock complex and four traded on its international monetary market.

Margins, a small portion of a futures contract's value, act as a security deposit and are supplied by traders to a commodities firm. Initial margins must be provided to begin trading, and maintenance margins represent the amount of money traders must keep in accounts when the market is moving against their position.

Initial and maintenance margins on live-cattle, feeder-cattle, live-hogs, pork-belly and skinned-hogs futures will rise by between \$100 to \$1,000 with most increases about \$300.

Margins on deutsche-mark, guilder, and Swiss-franc futures will rise \$500 and gold futures margins will go up about \$300.

Foehl Defends Bonn-U.S. Pact

FRANKFURT, March 22 (Reuters).—The foreign exchange market's disappointment with last week's U.S.-West German monetary agreement is not justified, Bundesbank vice-president Karl Otto Foehl said.

In an interview, Mr. Foehl said the welcome new element in the agreement is that the United States has now shown its willingness to commit its own monetary reserves to support the dollar.

Mr. Foehl called the accord "a step in the right direction" and said it shows the United States has an interest in supporting the dollar.

On the possibility of separate measures by West Germany to help the dollar, he said that the discount and Lombard rates, at 3 and 3 1/2 per cent, are already low enough and the imposition of administrative controls on capital movements would create more problems than it would solve.

Mr. Foehl said it is preferable that the U.S. payments deficit be financed through capital inflows rather than dollar buying by central banks, as happened last year.

"The chances of a turnaround in capital flows, in the direction of the U.S., are thoroughly favorable," he said.

Interest Rate Differentials

"This is above all because of the considerable differential between U.S. and German capital market interest rates, which is now more than 4 per cent."

As soon as the dollar emerges from the crisis of confidence which has affected it, the attraction of dollar investments will soon assert itself," he added.

The chances the United States will soon start attracting capital from abroad are heightened by the growing feeling that the dollar's fall goes beyond that justified on price and cost grounds, he said.

Intervention by the Bundesbank and the Fed-



eral Reserve over the past few months has contributed to a buildup in liquidity in West Germany, and a boost in money-supply growth to well beyond planned rates, Mr. Foehl said.

The Bundesbank's benchmark central bank money stock was expanding at an annual rate of 11.4 per cent in February against the 5-per-cent growth target for 1978, he said.

But Mr. Foehl said the Bundesbank believes it can accept relatively strong liquidity in the economy for the time being, particularly as the deutsche mark's rise is leading to a lessening of inflation.

The country's inflation rate, at 3.1 per cent in February, will probably soon drop to under 3 per cent as a result of lower import prices and competition from import substitution on the domestic market, Mr. Foehl said.

Khalid Warns in Letter to Carter

Saudis Say Oil Price May Be Raised

By Hobart Rowen

WASHINGTON, March 22 (UPI).—King Khalid of Saudi Arabia has told President Carter that oil prices may have to be raised if the dollar continues its decline in world markets.

The Saudi leader said in a recent letter that his nation, in effect, had resisted several efforts

within the Organization of Petroleum Exporting Countries (OPEC) to raise prices, but the United States could no longer be sure that the Saudi view would continue, to prevail.

Authoritative sources stressed that the letter was not threatening and that, in fact, "it was very well reasoned." They said the anti-inflation program that

President Carter now has under consideration had not been triggered by the letter.

Officials conceded that a series of three government announcements of steps to shore up the dollar—most recently, an accord with West Germany—have not yet had the desired results, and that "some more definitive signal of a fundamental nature is going to be needed."

Congressional approval of an energy conservation bill is cited as the most important signal. But pressure has also been increasing on Mr. Carter for a stronger anti-inflation program that might give foreign exchange markets more confidence in the dollar.

He has been urged to take stronger anti-inflation steps by Federal Reserve chairman William Miller, and by both Republican and Democratic members of the Joint Economic Committee. Additional anti-inflation measures have also been urged by the government's own wage-price watchdog, Barry Bosworth, director of the Council on Wage and Price Stability.

The administration reportedly is considering creating a task force to see how U.S. exports might be stimulated as a means of reducing the trade deficit—one of the sources of pressure on the dollar.

The idea of a task force has been pushed by the Commerce Department and endorsed by Special Trade Representative Robert Strauss.

"The answer to this nation's problems," he said in an interview, "is not in restricting imports and making the buying public pay more money when they're already choked by inflation, but the answer is a tremendous thrust from an export program."

But other officials, who concede that it would be useful to sweep away any artificial impediments to exports, caution that any benefits would not be gained in the short run, and certainly not quickly enough to ease current pressure on the dollar.

High on the list of potential actions to stimulate exports, according to informed sources, are tax incentives, even though the administration has rejected continuation of one form of export tax incentive, the DISC program, in its own tax bill before Congress.

Not all administration officials are sold on this approach, especially if it includes a politically embarrassing reversal on tax incentives for exports.

"Besides," says one unnamed official, "if the United States tries to pay its oil bills by pushing exports into the less-developed countries with the help of subsidies, that's hardly a contribution to global stability."

Fukuda Plans To Raise Goal For Imports

Move Tied to Revised Surplus Seen for Year

TOKYO, March 22 (Reuters).—Japan's Premier said today he wants to increase the emergency import program designed to cut the country's massive current-account surplus to \$6 billion in the next fiscal year.

International Trade and Industry Minister Toshio Kuroki said that he and Premier Takeo Fukuda had agreed on such action after separate meetings with Wilhelm Haferkamp, vice-president of the Common Market Commission.

But Mr. Haferkamp's talks, aimed at an agreement on ways to cut Japan's trade surplus with the EC, which exceeded \$5 billion in 1977, seemed to be in difficulties.

Talks May Be Extended

Nobuhiko Ushiba, Japan's external economic relations minister, said separately the talks might be extended by one day through Friday to avoid a possible breakdown.

The problem appears to center on a joint communiqué planned for the end of the talks, in which the EC would assume responsibility that it will cut its current-account surplus.

Mr. Kuroki told a press conference he and Mr. Fukuda believed the current-account surplus for the fiscal year ending this month is certain to reach \$13 billion, far above the official forecast of \$10 billion made last October.

Mr. Kuroki did not specify details of the emergency program, but ministry officials said they were expected to be in addition to a four-point plan, which includes possible purchases of European commercial aircraft, announced by the government earlier this month.

Earlier, Mr. Fukuda and Mr. Haferkamp said they agreed to make efforts to avoid trade protectionism, Japanese officials said.

During a meeting, Mr. Fukuda said Japan will strive to achieve its official economic growth target of 7% in the fiscal year starting next month to help world economic stability.

Italy Makes Payment

ROME, March 22 (AP-DJ).—Italy repaid \$349.6 million to the Common Market, the first installment on a \$1.4-billion loan taken in 1974, the central bank reports. In all, Italy has repaid almost \$1.25 billion in March—\$500 million to the Bundesbank, \$368 million to the International Monetary Fund and \$11 million to the IMF "oil facility."

The dollar dropped to 2,040 deutsche marks after having fallen to 2,037.5 DM. It had closed at 2,040 DM yesterday. The Bundesbank reportedly gave some support today, buying about \$10 million at the fixing.

The dollar dropped to 1,925 Swiss francs from 1,945 late yesterday, and to 4,6700 French francs from 4,6750.

Nippon Steel to Cut Dividend

Nippon Steel says a dividend cut for the fiscal year ending this month is unavoidable due to a slump in domestic steel demand. Vice-president Taiso Imai says the dividend may have to be reduced to three yen per share from five yen paid a year earlier. Net profit for the year is expected to fall 41 per cent to about 17 billion yen (about \$14 million) on estimated sales of between 2.32 and 2.33 trillion yen, down some 8 per cent from a year earlier. The company has been running a substantial operating deficit—expected to total about 80 billion yen for the year, but he says this will be more than offset by income from sales of securities and foreign exchange profits due to the yen's steep appreciation. He adds that a recovery in the steel market can not be expected in the coming fiscal year.

Firestone to Close Swiss Unit

Firestone Tire will close its 600-worker factory in Switzerland at the end of July because the rising value of the Swiss franc has pushed production costs too high. John Thompson, managing director of the Swiss unit, says it is now cheaper to import tires. The high value of the franc means tires produced in Switzerland could not be sold competitively on foreign markets, he says. The Swiss facility supplied about one million tires annually to the domestic market and to some export markets in Europe. Firestone has 10 other manufacturing facilities in Western Europe.

Toyo Kogyo Remodels Rotary

Toyo Kogyo expects to introduce a new generation of rotary engines on 1981-model Mazda cars which will show a 25-to-30 per cent improvement

U.S. Current-Account Deficit Soars

WASHINGTON, March 22 (Reuters).—A fourth-quarter increase in the U.S. current-account deficit pushed the gap for 1977 to more than double the previous year's record, according to figures released today by the Commerce Department.

The current account, which is the most comprehensive measure of a nation's international transactions, showed a seasonally adjusted deficit of \$7.08 billion in the fourth quarter, up from \$4.32 billion the third quarter.

The deficit for 1977 was a record \$30.1 billion up from a deficit of \$14.5 billion the previous year, and more than double the previous record \$9.9-billion deficit in 1972.

The department said the deterioration in the fourth-quarter reflected a \$1.22-billion increase in the trade deficit to \$4.28 billion and a \$1.6-billion decrease to \$2.9 billion in net service receipts.

For 1977, the trade deficit totaled \$31.24 billion, up from the \$23.2-billion shortfall in 1976, although service receipts increased by \$2.9 billion, and there was a \$300-million decrease in unilateral transfers.

The department said U.S. assets overseas increased \$1.17 billion in the preceding quarter, largely reflecting an increased flow of the quarter, up \$7.3 billion from \$1.1 billion.

Dollar Slips Back As Gold Revives

LONDON, March 22 (AP-DJ).—The dollar slipped in generally uneventful trading today, coming under late pressure by rumors, later refuted, that Egyptian President Anwar Sadat had been shot.

Gold, which has been under pressure recently, staged a technical recovery with bullion being quoted at \$180.75 an ounce, up just over \$3 from yesterday.

One dealer said currency dealings had been very light for most of the day with most foreign exchange markets participating in squaring up positions ahead of the long Easter weekend.

"I don't expect anything at all to happen tomorrow," the dealer said. Most major financial centers in Europe and the United States will be closed for the Good Friday holiday.

Dealers in Frankfurt said the dollar was hurt today by news that the U.S. current-account deficit rose sharply in the fourth quarter.

The dollar closed at 2,040 deutsche marks after having fallen to 2,037.5 DM. It had closed at 2,040 DM yesterday. The Bundesbank reportedly gave some support today, buying about \$10 million at the fixing.

The dollar dropped to 1,925 Swiss francs from 1,945 late yesterday, and to 4,6700 French francs from 4,6750.

'78 Total Double Previous Record

funds from U.S. banks to their foreign branches.

Foreign assets in the United States rose \$18.1 billion in the period, after a \$13.9-billion gain in the previous quarter, mostly the result of a \$15.5-billion gain in foreign official assets resulting from intervention in foreign exchange trading.

The department said that among capital-account transactions during 1977, the rise in U.S. assets overseas slowed to \$26.1 billion from \$4 billion in 1976 with a smaller increase in claims on foreigners by U.S. banks accounting for more than half the slowdown.

Stock Prices Lose Modestly After Early Rally Try Fails

NEW YORK, March 22 (UPI).—Prices on the New York Stock Exchange retreated further today in active trading after an afternoon rally attempt failed.

Analysts said the decline was an extension of yesterday's sharp selloff, reflecting the market's disappointment over the aborted spring rally.

Uncertainty about the outcome of the coal miners' vote on a new contract proposal this weekend was one of the factors keeping investors on the sidelines, the analysts said.

Talk of Carter administration moves to curb prices and wages kept investors on the sidelines, analysts said. The President is expected to make an anti-inflation statement tomorrow.

Also weighing down the market was the news that talks between President Carter and Israeli Premier Begin apparently failed to resolve serious differences over Middle East peace strategy, the analysts said.

The Dow Jones industrial average, off 3.55 at 3 p.m., closed down 5.28 points at 757.54.

Some 785 issues declined with about 540 gains.

Volume totaled 21.95 million shares, down from 24.41 million shares yesterday.

The recovery attempt occurred after Senate members of the Energy Conference Committee approved their proposal on natural gas prices, but the vote did not spark much buying.

Another negative factor was the dollar's weakness in foreign exchange markets, the analysts said.

Sears Roebuck was most active and down 1 1/4 to 22 1/2. The company surprised the market with its announcement yesterday that it was buying back 10 million shares of common stock for the January quarter, fell to 78 cents from a retiated 98 cents a year earlier. Disappointment over Sears' earnings was seen by some analysts as a factor behind yesterday's selloff.

Prices were slightly higher on the American Stock Exchange in moderate trading, with the Amex index rising 0.04 to 137.36.

In Chicago, mildly erratic price movements in oil trading produced a mixed picture in the soybean complex on the Chicago Board of Trade, but grain futures held their good-sized gains.

Among other activities, Honeywell jumped 1 1/8 to 46 1/2. Teleprompter rose 3/8 to 11 1/4. Alcoa fell one to 36 5/8 and Revlon was down one to 38.

Big percentage movers included R.L. Burns, falling 2 1/8 to 3 1/4. A partnership consisting of Consolidated Oil & Gas and three Burns executives purchased 55.3 per cent of Burns' common.

Gold-mining shares gained on higher bullion prices and dollar weakness. Dome Mines advanced 2 to 66 5/8. Campbell Redlake was up 1 1/8 to 32 1/8 and ASA Ltd. moved up 1/2 to 21 1/4.

Jury Awards Berkey \$37.6 Million in Suit

NEW YORK, March 22 (AP).—A federal court jury awarded Berkey Photo \$37.6 million today in its civil suit against Eastman Kodak Co.

The actual total award would amount to more than \$112 million under treble damages. Kodak said it would appeal the verdict that it has monopolized various amateur photographic markets since 1908 and thus injured Berkey's business.

Japan Banks Seek Dollars To Increase Global Role

TOKYO, March 22 (AP-DJ).—Ample supply with you but short of dollars that can be loaned to overseas customers, Japanese banks are stepping up their long-term dollar-funding in a move linked with their plans to become more active international lenders this year.

The banks are rapidly closing their dollar deficiency by issuing two to three-year certificates of deposit (CDs)—negotiable, fixed-term notes—in the London and Singapore money markets.

Since Dai-ichi Kangyo Bank opened the market for floating-rate CDs in Singapore in November, five of the seven issues allowed by the Monetary Authority of Singapore have been by Japanese banks. Using the same floating-rate vehicle, which periodically adjusts the interest rates of the notes according to the movement of London inter-

bank offered rates (Libor), the Japanese have been borrowing even more vigorously in the London market.

Volume Growing

Tokyo bankers say that almost all of Japan's 13 biggest commercial banks have gone to the market recently, issuing either floating-rate or fixed-rate CDs, along with at least one of Japan's three long-term credit banks. The issue volume has been well over \$150 million as of mid-March and is still growing.

The current funding actions have been triggered by a Bank of Japan directive requiring banks to cover their long-term dollar loans by mid-1978 with equivalent amounts of long-term borrowings. Central bank officials say the measure is simply intended to avoid the risks of financing long-term loans with short-term credit, usually less expensive to obtain, as had been the practice.

The Bank of Japan rule is not unduly restrictive since authorities define long-term funding as borrowings for any period longer than a year. In theory, the Japanese can fund their five-year loans with borrowings for a term of as short as a year.

Long term, the banks also want to increase the dollar share of resources in line with their expectations of enlarging their role in international financing. Dai-ichi Kangyo, for example, wants to raise the dollar share of assets to 20 per cent from the current 10 per cent in four or five years.

U.S. Profits Rise 10% in Quarter Survey Indicates

NEW YORK, March 22 (AP-DJ).—U.S. corporate profits rose about 13 per cent last year with fourth-quarter earnings about 10 per cent higher than a year earlier, according to a Citicorp survey.

However, the gains were linked more to a 13-per-cent increase in sales volume than to improved profit margins or rates of return, the survey showed. And, adjusted for inflation, real profits advanced less than 5 per cent from the year-earlier level.

Hourly employee compensation in manufacturing last year increased 8.9 per cent, as in the previous year, but productivity growth slowed markedly to 2 per cent, resulting in a 6.7-per-cent jump in unit labor costs. Price increases did not quite close the gap.

Average manufacturers' profit in the fourth quarter was 4.9 cents on the sales dollar, down from 5.1 cents a year earlier. The decline in profit margins was centered in basic industries, such as steel, petroleum, nonferrous metals, rubber and building materials, the bank said.

Company Reports

Revenue, Profits in Millions of Dollars

Central Soys			
	1976	1977	
Revenue	507.2	529.9	
Profits	7.0	3.4	
Per share	.46	.22	

Six Months			
	1976	1977	
Revenue	17.3	9.6	
Profits	1.12	.62	

Federated Department Stores			
	1976	1977	
Revenue	1,630.0	1,460.0	
Profits	99.0	83.9	
Per share	2.08	1.75	

Gamble-Skogmo			
	1976	1977	
Revenue	463.4	437.1	
Profits	8.2	10.4	
Per share	1.87	2.30	

Year			
	1976	1977	
Revenue	1,630.0	1,590.0	
Profits	9.8	18.3	
Per share	2.05	3.87	

General Public Utilities			
	1976	1977	
Revenue	228.3	212.2	
Profits	26.3	28.9	
Per share	.44	.52	

Year			
	1976	1977	
Revenue	1,300.0	1,300.0	
Profits	140.3	125.5	
Per share	2.42	2.28	

Pheips Dodge			
	1976	1977	
Revenue	959.4	942.4	
Profits	17.9	41.3	
Per share	.73	2.00	

Jim Walter			
	1976	1977	
Revenue	371.80	286.30	
Profits	10.14	7.25	
Per share	0.58	0.45	

Six Months			
	1976	1977	
Revenue	771.70	627.40	
Profits	34.72	28.70	
Per share	1.99	1.70	

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- Girozentrale -
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Investitions- und Handels-Bank AG
London Branch
Landesbank Rheinland-Pfalz und Saar International S.A.
Sparkassenbank der Gemeinde Wien
Agent
BFG LUXEMBURG January 1978

ACROSS	44 Drivers' org.	11 Romano, for one
Give — horse	45 Sign of the	12 "And down will
can ride" —	rodless	come — . . ."
June 6, 1944	46 Revolve with	13 At right angles
Comet's —	a humming	to a ship's keel
French Frankie	sound	17 Curtain fabric
Cheshire's	47 Inauguration	21 — Lorraine
Cheshire's	Day activity	22 Crop up
design	48 Henry's	23 Feast of holiday
—	partner	24 Cello or viol:
—	50 Actor Erwin	Abbr.
—	51 He wrote "Jude	25 Van Gogh's
—	the Obscure"	"Arles"
—	54 Word with	30 Chimney
—	power or pocket	channels
—	55 "I L — Girl	31 Slighter
—	Like You," 1925	32 Boying
—	song	33 Legendary
—	56 Door adjuncts	sunken island
—	57 Monogram of	34 "— Island"
—	"The Waste	37 Fed or top side,
—	Land" poet	in jive
—	58 British gun	38 Partner of
—	59 Garment	alpha
—	worker	40 Vacuum tube
		41 Accusation
		42 Founder of
		Grover's
		Corners
		43 Canasta cards
		44 "A man's a
		man for —"
		Burns
		46 Resounding
		blow
		47 "Every woman
		— heart a
		rake": Pope
		48 Disbelievers in
		God; Abbr.
		49 Frigate for a
		ship
		53 Kept secret

*AGAWY.....	16	61	Cloudy	MADRID.....	16	61	Cloudy
*ALBERTHAM.....	17	62	Cloudy	MANIT.....	17	74	Cloudy
*ALBA.....	17	61	Unavailable	MANT.....	15	58	Cloudy
*BENE.....	13	65	Cloudy	MONTREAL.....	8	32	Cloudy
*BENT.....	17	65	Cloudy	MOWSON.....	7	7	Cloudy
*BENTON.....	17	65	Cloudy	MUDICH.....	7	34	Snow
*BESLIN.....	2	33	Cen	NEW YORK.....	15	60	Cloudy
*BURBESS.....	7	44	Cloudy	NICE.....	14	67	Cen
*BURTON.....	7	44	Cloudy	OSLO.....	15	67	Cloudy
*HUBBARD.....	8	46	Cloudy	PARIS.....	7	44	Rain
*CASABELLANCA.....	17	62	Cen	FRAGUE.....	1	34	Snow
*COFFMAN.....	-1	30	Snow	ROME.....	6	36	Cen
*COFFMAN.....	7	46	Cen	ST. LOUIS.....	1	34	Snow
*DUBLIN.....	11	62	Rain	STOCKHOLM.....	-7	10	Cen
*DUNBURG.....	7	44	Rain	TEHRAN.....	15	63	Cloudy
*FALLEN.....	7	44	Cen	NEW YORK.....	15	67	Cloudy
*FALLEN.....	5	41	Cloudy	TUNIS.....	14	67	Cloudy
*GENEVA.....	5	41	Cloudy	VIENNA.....	2	35	Snow
*HESKIN.....	-3	23	Cloudy	WARSAW.....	-1	35	Cloudy
*HESKIN.....	7	44	Rain	WASHINGTON.....	7	45	Cloudy
*LAS PALMAS.....	19	66	Cloudy	ZURICH.....	4	39	Cloudy
*LISBON.....	16	61	Cloudy				
*LONDON.....	15	59	Rain				
*LONDON.....	15	59	Rain				

(Yesterday's readings: U.S.A., Canada at 1700 GMT, others at 1200 GMT.)

[illegible]

B.
C.

UNLIKE MOST PEOPLE,
I LIVED IN A VERY RICH TOWN..

HOW RICH
WAS IT?

THE FIRE DEPARTMENTS
WERE LISTED IN THE YELLOW
PAGES.

B L O N D I E

[illegible]

BEE TLE

PANEL 1:

HEY, YOU!
WHITES
ONLY ON
THESE
COURTS!

MUNICIPAL COURTS
PROPER ATTIRE
MUST BE WORN

PANEL 2:

WHITE TENNIS CLOTHES!
WHITE TENNIS CLOTHES!

Diamond J.E.S.

**B
A
I
L
E
Y**

3-23

PRO

MUST BE WORK

PRO

HOOR WALKER

ANY THOUGHTS ON THE SUBJECT, PET?

NOPE

IT'S OPENIN' TIME, ANDY.

COMIN', CHALKIE

WE'VE GOT TO MAKE ENDS MEET SOMEHOW. KEEP AT IT, PET. SOMETHIN' I'LL STRIKE YOU

IT'S STRUCK ME! — I RECKON WE COULD MAKE BOTH ENDS MEET IF YOU WEREN'T SO BUSY MAKIN'

APP
WI

BAD NEWS, SPOOK... THE KING JUST TURNED DOWN YOUR REQUEST FOR PAROLE!

WHAT'S A GUY HAVE TO DO TO GET OUT OF THIS PLACE?

LIFE!

5-23

ZARD.
of

THE KING JUST TURNED DOWN YOUR REQUEST FOR PAROLE!

HAVE TO DO TO GET OUT OF THIS PLACE?

LIFE.

ARE YOU COMING BACK?

NOT UNTIL I FIND BETSY!

WHERE'S BETSY?

SHE SAID TO TELL YOU SHE HAD TO GO HOME!

IT'S LIKE TEN BLOCKS TO THE BUS STOP! YOU SHOULDN'T'VE LET HER LEAVE, CHET!

YOU DON'T TELL BETSY NOTHING! SHE WON'T

MURPHY

INDEX

325

WHERE'S BETSY?

SHE SAID TO TELL YOU SHE HAD TO GO HOME!

IT'S LIKE TEN BLOCKS TO THE BUS STOP! YOU SHOULDN'T'VE LET HER LEAVE, CHET!

YOU DON'T TELL BETSY NOTHING! SHE WON'T LISTEN TO ANYBODY!

ARE YOU COMING BACK?

NOT UNTIL I FIND BETSY!

**M.
D.
R
I
P**

HOODLUMS? BUT WHY IS JOE DRIVING AWAY WITH THEM, WIGGERS?

MADAME CASINO, THEY OFFERED AN INVITATION HE COULDN'T REFUSE, SO TO SPEAK.

THEY APPEAR TO BE UNDER THE IMPRESSION THAT YOU ARE BEATING THEM TO A GAMBLING SITE THEY COVET.

SO THEY KIDNAPPED JOE RIMFIRE? THAT'S LIKE JUMPING ROPE WITH A RATTLE-SNAKE!

KIRBY

[illegible]

3-23
Katsuhiko

"AWWWW, MOM! YOU'RE THE **ONLY** PERSON IN THE WHOLE WORLD WHO EVER LOOKS BEHIND MY EARS!"

THE HOLCROFT COVENANT

By Robert Ludlum. Marek. 542 pp. \$10.95.

THE BLOND BABOON

By Jakob van de Wetering. Houghton Mifflin. 194 pp. \$7.95

TO CATCH A SPY

By Chris Scott. Viking. 291 pp. \$9.95.

Reviewed by John Leonard

ROBERT LODUM is back among the Nazis for his new conspiracy. The Nazis stand, of course, for unambiguous evil. It is a relief to be rid of ambiguity, which is as much an inflated currency in literature as in life. Solid evil, black gold, can be relied on. The good guys will be very, very good; the bad guys will be very, very bad and evil—and evil in literature will be either a dupe or a victim. Instead of having to think, we will be tortured with surprises.

Ludlum stuffs more surprises into his novels—"The Rhineman Exchange," "The Gemini Contenders," "The Chancellor Manuscript," etc.—than any other stack of thriller-writers combined. Synopses are a form of self-defense. But here goes: An American architect learns that his real father was Hitler's financial genius, whom his mother left early on in the night. But, according to a Swiss banker, his father was a Jew. So the German officials, before they committed suicide in the last days of the Third Reich, experienced remorse on learning of the death-camps and set up a trust fund—worth \$900 million—on the eve of the war. The novel is a futuristic take on the Holocaust, later to survivors and descendants of the Holocaust.

In order for this money to be released, the sons and/or daughters of the remorseful must gather in Geneva and sign some papers. The American architect sets out to find his co-signers, in Brazil, England, France and Germany. Many people die, because the money is actually meant to finance a Fourth Reich of *Die Sonnenkinder*—pure Aryan children smuggled out of Germany at the end of the war, now grown up and ready to take over. Going in one another's way are MLIs of British Intelligence, Interpol, ODDESSA, the Rache, the Vervunschinder, the Wolfsschwanz, the Nachrichtenmeister and the kibbutzim of Har Shai'asav in the Negev.

That's all the plot you'll wrest from me, Ludd—*who seems to tolerate a certain amount of Aryan superiority, at least for evil. It takes an Aryan to foil an Aryan—finds his characters the backs of coral boxes, his prose a mass of Russian words sex in the want ads and his paranoia, in our dental cavities. Nevertheless, he pleases and seduces,*

Solution to Previous Puzzle

JOES WERE WISE
ALICE PUTS ON
CLOTHES TO GO
TO THE GARDEN
JOES SAW
ALICE GOT UP
STAIRS AND TOOK
DOWN THE CURTAIN
JOE HIT HER
JOE LEFT STAGE
JOE LEFT
JOE LEFT

John Leonard is on the staff of The New York Times.

BRIDGE

—By Alan Truscott

South opened with four spades because his partner's original pass made it unlikely that a slam would be missed. When West led the diamond king and the dummy appeared, South would have been happy to retreat to two spades. The chances of losing just two tricks in the major suits seemed very slim. He needed to find one opponent with a doubleton king-queen of trumps, a 2-per-cent chance, and there was a considerable danger of losing two heart tricks.

West solved declarer's heart problem by shifting to that suit at the second trick. From his angle it was necessary to try for heart tricks before declarer could draw trumps and perhaps use dummy's club suit.

South captured the heart queen with the ace, and led the spade ace without much hope. When the queen appeared, he cheered up considerably and made the correct play of a low spade, losing to the king. There was still danger of a heart ruff, but the trump length and the heart length were in the same hand, so there was no defense. The heart king was the third and last trick for the defense.

It might seem that the defense

would prevail if West led a club suit at the second trick, but South can always survive if he holds the position accurately. He will take his black aces and lead low trumps.

West would have to lead a high diamond, and South would ruff and draw trumps. Then would lead the heart ten to set play East, who would have to give the declarer some idea whether he was immediately with a heart honor or not and won the second round with South led to the jack.

NORTH (P)
 ♠ J53
 ♥ J784
 ♦ KJ773

WEST
 ♠ KQ
 ♥ 764
 ♦ A7652
 ♣ 65

EAST
 ♠ 843
 ♥ KQ73
 ♦ 12
 ♣ 854

SOUTH
 ♠ AJ7752
 ♥ A786
 ♦ Q
 ♣ A

East and West were vulnerable.

Hiding:		North	East	South	West
Spades		Pass	Pass	44	10
Hearts		Pass	Pass		
Trumps		Pass	Pass		

West led the diamond king.

Communication Gap Cited

San Diego Replaces Dark

TULSA, Ariz., March 22 (AP). The San Diego Padres fired Alvin Dark as manager yesterday, telling him the team's owners felt he could not communicate with them, and replacing him with pitching coach Roger Craig.

Dark said that he was shocked by the move, which was disclosed by a San Diego newspaper. He said he was a vice-president of the National League baseball club.

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Alvin Dark

Havlicek Bows Out Amid Adulation

Celtics' Mr. Do Everything Bids Farewell to Basketball

By Paul Attner

WASHINGTON, March 22 (UPI)—He has sold out four arenas, almost filled five others, and lured fans to games on nights when miserable weather conditions normally would have kept them in front of the living-room fireplace.

help on the fast break and cool down a hot shooter. Whatever offense he could contribute would be a bonus.

John Havlicek taught me what intensity is all about," said Bullett forward Bob Dandridge. "The first time I played against him in the playoffs, I couldn't believe the man."

The Doggedness of the Long-Distance Swimmer

By Frank J. Prial

NEW YORK, March 22 (NYT). One day in mid-July, if all goes well, a young woman will stagger onto the beach at Key West, Fla., having completed what could be the greatest feat in the history of the cruel and lonely sport of marathon swimming—a 2 1/2-day swim from Cuba, most of it accomplished in a shark cage.

had to be pulled from the water exhausted, eight miles short of her goal.

is 103 miles, most of it open—and shark-infested—sea with tough currents.

Nyad was not only playing squash racquet, she was competing. When she gave it up last month to concentrate on swimming ("squash is anti-swimming") she was ranked No. 2 in New York in the women's side of the sport.

NHL Standings

PACIFIC DIVISION		W	L	T	Pts	GF	GA
Vancouver	42	18	13	27	102	181	151
Edmonton	40	23	13	25	97	181	151
Calgary	36	25	13	25	97	181	151
Winnipeg	34	25	13	25	97	181	151

CENTRAL DIVISION		W	L	T	Pts	GF	GA
Chicago	31	26	17	17	100	181	151
St. Louis	28	28	17	17	100	181	151
Minnesota	26	28	17	17	100	181	151
Philadelphia	24	28	17	17	100	181	151

ATLANTIC DIVISION		W	L	T	Pts	GF	GA
Pittsburgh	31	26	17	17	100	181	151
Montreal	28	28	17	17	100	181	151
Quebec	26	28	17	17	100	181	151
Ottawa	24	28	17	17	100	181	151

WEST DIVISION		W	L	T	Pts	GF	GA
Los Angeles	31	26	17	17	100	181	151
San Jose	28	28	17	17	100	181	151
San Francisco	26	28	17	17	100	181	151
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Booca Juniors, Borussia Tie

1st Cup Match

BOCA JUNIORS, March 22 (UPI). Boca Juniors and Borussia Mönchengladbach tied 2-2 in the first half of the first round of the UEFA Cup.

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Nine are Elected to College Football Hall of Fame

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